

New Housing in Old Chinatown: Barriers and Incentives to Affordable Housing Development

By

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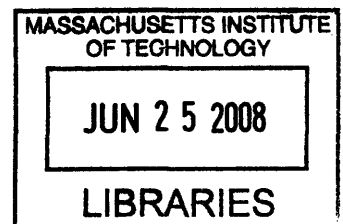
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Abstract:

In the 1970s and 80s, the rapid development of San Francisco's Financial District encroached upon Chinatown's intimately-scaled neighborhood. Developers took whole city blocks that housed low-income immigrants to build the glass and steel office towers that define the city's current skyline. In response, the Chinatown community organized to down-zone the neighborhood, which effectively froze the neighborhood from any further development. Today, the continual influx of immigrants who are dependent on Chinatown's services demand greater affordable housing in the neighborhood. As affordable housing becomes scarcer citywide and as Chinatown's building stock ages, neighborhood leaders want to know how to meet the high need for well-maintained affordable housing within the neighborhood. This thesis will examine the barriers that prevent affordable housing development in San Francisco's Chinatown. While affordable housing is a citywide issue not limited to Chinatown, the city's efforts have been targeted at redevelopment of outlying and industrial parts of the city rather than within existing neighborhoods. Special neighborhood zoning, cultural values of residents and property owners, intra-community politics, and its particular history make the development a highly contested issue.

I will argue that the neighborhood's zoning (including bulk limits and inclusionary requirements) has been too restrictive to develop viable affordable housing in Chinatown and will propose rezoning as one mechanism for affordable housing development. I will further illustrate the impacts of zoning changes in height and density on the neighborhood's urban form. The thesis will also provide insight into incentives and partnerships with public and financial institutions that can motivate long-time property owners to rehabilitate or redevelop their properties. My conclusions and proposals will be informed by key informant interviews with current property owners, residents, community organizers, and city officials in Chinatown and San Francisco. My hope is that by examining Chinatown as a case study and developing regulatory and economic strategies to encourage affordable housing development, it will also serve as a resource for other low-income built-out urban neighborhoods.

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By Bryant Tan



Preface

This thesis is born from my deep connection to San Francisco. Growing up in the Tenderloin, one of the city's most impoverished neighborhoods, I developed a literacy and narrative of the city that shaped my pursuit to become an urban planner. As a young person, I lived and witnessed the inequalities that existed in the 47 square miles of our small city from which grew a consciousness for the need to change the livelihoods for the city's most marginalized people – immigrants, ethnic minorities, sexual minorities, homeless, the working poor. These were the people I grew up around. Despite San Francisco's reputation for being the country's progressive compass, it faces the same issues that every large city faces around poverty, crime, education, public health, and housing. As I navigated the streets and negotiated the forces that divided people along class and racial lines, I knew that through urban planning, I could impact the way people lived in cities and neighborhoods like the one I grew up in.

Chinatown is one of the neighborhoods where I've spent much of my life. As ethnically Chinese immigrants from Burma, my parents sought out Chinatown for their livelihood when they first immigrated to the United States in 1977. My mother's first job was in a Chinatown garment factory. My father's social network stemmed from a coffeeshop on Broadway Street. My siblings and I all spent our youth there, especially on weekends to help our mother carry groceries from Chinatown through the two bus transfers home. Some of my earliest memories are from Chinatown – dim sum at Golden Palace on Grant Street, my first day crying at Rainbow Preschool in the Ping Yuen Housing Projects, gazing at the lions and dragons of the Chinese New Year parade, feeding pigeons on sunny days in Portsmouth Square. I learned how to swim at the Chinatown YMCA, attended daycamp at Chinese Methodist Church, and made lifelong friends on the jungle gym at Chinese Playground. My life has been intricately tied to San Francisco's Chinatown.

While I never lived in Chinatown, I still call it home. For many of my classmates at Spring Valley Elementary and Marina Middle School, it actually was home. My Chinatown friends occupied residential hotels, packed in like sardines in a can. All of us were working-class, and many of us lived in substandard housing. I remember visiting a friend in 7th grade and seeing two families sharing a SRO. The room was filled with beds, divided by curtains to provide privacy. I thought squeezing my five-member family in a one-bedroom apartment was bad, but these SROs were a whole other league of poverty.

As I return to San Francisco as an adult, the challenge of planning in San Francisco is formidable. The contemporary economy of the city, fueled by a booming information and technology sector, is attracting droves of well-educated upwardly-mobile professionals into the city. Communities like Chinatown are threatened with change and San Francisco has to adapt to these new forces that are making the city whiter, richer, and unaffordable for people who grew up there like me. They are moving into the precious little housing that the city can accommodate, replacing long-time residents, families, and low-income immigrants.

San Francisco has a history of welcoming all types of people into its “golden gates,” from the pioneering gold rushers to the Beatniks to the Electric Kool-Aid Acid Testers to gays and lesbians to immigrants from around the world. The city and its many neighborhoods within its many hills must address the dilemma of maintaining the city’s rich diversity and continue to strive to keep the city affordable for people of all backgrounds. The city is in rapid development and redevelopment. In the past decade, the city has built a new ballpark, developed new light rail lines, demolished two freeways, and revitalized the waterfront. In the coming decades, the city is planning a new downtown skyline, a new subway and bus-rapid transit system, the development of new neighborhoods on former military and industrial land, including 15,000 new units of housing. Becoming a planner and community advocate amidst these enormous forces of development in such a politically charged city is an exciting challenge.

Chinatown continues to remain overlooked in the city’s current agenda for affordable housing development. As land becomes increasingly scarce, it won’t be long before the entire city is built out and forced to redevelop in existing neighborhoods to grow. Understanding the various barriers and incentives for development in Chinatown not only addresses affordable housing development for the neighborhood, but can extend beyond its borders as well. As a microcosm of issues that the city and other urban neighborhoods are facing throughout the United States, Chinatown can serve as a prime case study to understand the way the regulatory environment impacts private developers. It is a thesis for the community and for the profession of planning, as well as my friends and neighbors who do not deserve to be left behind.

*Bryant Tan
Cambridge, MA
May 22, 2008*

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This thesis is the capstone of two of the most challenging years of my life and I have many people to thank for keeping me sane and centered through the process.

First and foremost, thank you to my family and friends in San Francisco who have always believed in my ability, kept me grounded in my path, and encouraged me follow my heart to the very end. I am indebted to Cristina Mitra, Sarah Pooner, Deborah Lao, and Robin Luu - without you I could not have made it through!

Gum xia and *Chezu tinbade* to my sister Lucianne (who willingly tracked down all the books I needed for this thesis from Cal), to my brother Jason (who bravely answered the call for last-minute proofreading), and to my Mama and Papa (who inspire me always).

I've met some amazing people in these past two years. Amit Sarin, *Amy Stitely, Cary Clouse, Carolyn Choy, Cindy Wu, Debbie Mullin, Dulari Tahbaldar, Eric Brewer-Garcia, Frank Hebbert, Janelle Chan, *Jonathan Cherry, Hattie Silberberg, Jae Rhim Lee, Kristen Hall, Kofi Taha, LaTonya Green, Luke Schray, Nithya Raman, Ore Alao, Rachel Mercier, Pete Banks, *Ted Schwartzberg, William Ho, and Ya-Ting Liu – thank you all for being there whenever I needed a laugh, a drink, a meal, a rant, a dance, an escape, and most importantly a friend. Special thanks to Cheryl Yip and Kei Nagao who together have been my compadres in pursuing a Masters in urban planning while being rooted in our shared history as student and community activists and organizers.

* Much love to my thesis buddies

I also want to acknowledge two people who sparked and nurtured my interests in planning and community development: Leobardo Estrada, who taught “Urban Planning for Minority Communities” at UCLA and who made planning cool and revolutionary to this young angry kid from the Tenderloin; and Gordon Chin, whose legacy of progressive community leadership and grassroots planning I hope to emulate and continue as I leave MIT.

Lastly, I need to give HUGE thanks my thesis advisor Terry Szold and my readers Tunney Lee and Lang Keyes, each inspired me to be thoughtful, responsible, resourceful, and visionary as a planner and on this thesis. Along with Mark Schuster, Xav Briggs, and Eran Ben-Joseph these faculty have had the most impact on my learning here and I am honored to have had them as my teachers.



Source: <http://flickr.com/photos/mwparenteau>

People must be able to do these things without feeling anxiously unmoored or guilty about betraying the past. They should be able momentarily to give up responsibility for their community without feeling irresponsible, to imagine a different community for which they might take responsibility.

Howell Baum, Urban Planning in a Multicultural Society

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Introduction:

San Francisco's Chinatown is known the world over. While other cities throughout the world have absorbed Chinese immigrants who have established their own ethnic enclaves. San Francisco's is the original, the oldest and second largest in the United States. It is the starting point for the history of the Chinese in America and has been ingrained in the American consciousness for over 150 years – the fodder for books and films that have found the place exotic and messy and whimsical. In the 1890s, acclaimed photographer Arnold Genthe¹ gave the world a peak into the neighborhood that mystified many, depicting life in Chinatown's narrow streets and its opium dens. In more contemporary times, Chinatowns have been the backdrop for Roger and Hammerstein's 1958 musical *Flower Drum Song* and Roman Polanski's 1974 film *Chinatown* – revealing mainstream America's outside gaze into Chinese-American life.



Figure 1. "At the corner of Dupont and Jackson Streets"

Besides its cultural impacts, the neighborhood has served a significant role for San Francisco and the Chinese-American community from the time of the city's founding. The Gold Rush of 1849 that brought enterprising East Coasters to the West also brought Chinese sojourners who called San Francisco "Gold Mountain" and believed the streets were paved in gold. Together, the 49ers turned San Francisco from a small port to the booming capital of the West. Portsmouth Square, where today elderly Chinese play chess and practice Tai Chi, was San Francisco's first civic plaza and its historic heart. California's entry into the Union was

¹ Figures 1-3: California Historical Society, "Arnold Genthe's 'San Francisco Chinatown, 1895-1906' Photograph Collection," http://www.californiahistoricalsociety.org/collections/photo_collection/genthe/index.html.

celebrated there and Chinese sojourners settled in the area during the gold rush boom, transforming the place that caused Mark Twain to write in 1863, "The Chinese have built their portion of the city to suit themselves."

The Great Quake and Fire of 1906 destroyed the entire neighborhood and half of San Francisco, but the Chinese community rebuilt quickly and many of the buildings from that time still stand today. Chinatown was in San Francisco before the iconic cable cars, before the Golden Gate Bridge, before what most associate with modern San Francisco. The city's oldest street, Grant Avenue (originally Dupont Avenue) is one of the main corridors of today's Chinatown. Because of racism against Chinese and restrictive covenants that existed until the 1940s, the community was forced to live and build within a dozen square blocks



Figure 2. "The Alley"

around Portsmouth Square. The results of such discrimination caused an ethnic enclave like none other in the world.

Over time has developed into a tourist attraction and a must-see neighborhood for most visitors to San Francisco. Those who venture beyond Chinatown's curio shops, dim sum palaces, and bustling markets can see that the place is every bit an American neighborhood. Look above first-floor retail establishments and one finds people living upstairs. They hang their clothes to dry on fire escapes and

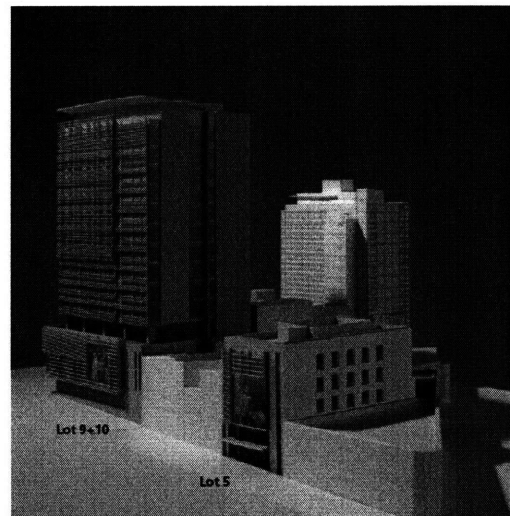
rooftops, leave their doorsteps to visit their doctors, have favorite cafes where they meet their friends. Familiar American institutions like the YMCA, Bank of America, and the US Postal Service have locations in Chinatown as do city parks, a public library, a hospital, local newspapers, and civic organizations. The neighborhood's boundaries vary depending on whom you ask, but cover anywhere from 12 to 38 city blocks. Today the neighborhood houses some 15,000 people, the densest neighborhood in San Francisco, which already has a

residential density second only to that of Manhattan. In 1980, core Chinatown's population density was 240 people per acre, six times greater than the city average.²

As in its beginnings, the neighborhood continues to play a necessary role in acclimating new immigrants into America. Here, one can come from China, find work, learn English, and receive health care services. Over the years, Chinatown has evolved into a place not just for Chinese immigrants, but is the first stop many Asian immigrants go to begin their American lives. A large Filipino community was adjacent to the neighborhood until the 1970s, Southeast Asia immigrants began settling in the neighborhood in the 1980s, and more immigrants from around the world are calling Chinatown home today. City College of San Francisco is building a new 14-story Chinatown campus to provide educational services such as citizenship classes for this immigrant neighborhood and its diverse constituency.

For fourth- and fifth-generation Chinese Americans who are well acclimated into American life, connections to Chinatown remain vital. Michel S. Laguerre argues in *The Global Ethnopolis* that San Francisco's Chinatown serves as a "capital city" that is "central not only because of the concentration

of informal institutions in its midst, but also because it is connected to satellite clusters inside or outside the formal city proper for which it services as a center."³ Whether to buy and sell goods, attend social functions and religious services, or view the annual Chinese New Year parade, Chinese Americans return to Chinatown from the Richmond and Sunset Districts within the city, and from cities around the Bay Area like Oakland, San Jose, Millbrae, Daly City, and Walnut Creek.



**Model of new City College
Chinatown/North Beach Campus
(EHDD / Barcelon + Jang 2008)**

² Loo, Chalsa, *Chinatown: Most Time, Hard Time*, (New York: Praeger, 1991), 111.

³ Laguerre, Michel, *The Global Ethnopolis*, (New York: St. Martin's Press, 2000), 31.

Chinatown's vibrancy can be attributed to its multiple functions as well as its built environment. Its streets and buildings and community institutions are destinations for tourists, immigrants, neighborhood residents, and generations of Chinese Americans. Despite its unique character, Chinatown faces many of the same issues that neighborhoods throughout San Francisco face, particularly the pressures on its housing stock. Economic indicators show San Francisco and the Bay Area at or near the top of the most expensive housing markets in the country. Market forces have made housing less and less affordable citywide, even for Chinatown that has traditionally served as a bastion of low-income housing for recent immigrants and seniors. The aging condition of the housing is also a challenge for the neighborhood as it struggles to stay modern and relevant to the ever-shifting market.

Traditional methods for affordable housing development fall short of meeting the demand in the city as once affordable neighborhoods are falling to the forces of gentrification. The Association of Bay Area Governments set a target for San Francisco to build 7,370 housing units for low- and very-low income households and 5,500 for moderate-income households from 1999-2006, but the city had

only built 1,933 and 351 of those respective units by 2005.⁴ Newspaper headlines report on the crisis of blue-collar workers, families, and even middle-income people moving away from the city because of the high housing costs. City officials are using inclusionary and other creative zoning measures and offering incentives for developers to build affordable housing. Even when applying these measures, the city still struggles to meet the need.



Figure 3. "No. 78, Street of the Gamblers"

⁴ Vega, Cecilia, "City 5000 units behind affordable housing goal," *San Francisco Chronicle*, July 21, 2005.

Fortunately, Chinatown has been relatively shielded from this citywide phenomenon. A majority of the neighborhood's housing stock, about 6,500 units according to the San Francisco General Plan, is single room occupancy (SRO) residential hotels, which is not sought after in the general housing market.⁵ This type of housing, first built for Chinese bachelors after the Great Quake of 1906, is low rent and houses immigrant families and seniors today. While surrounding communities like Nob Hill, Russian Hill, North Beach, and Telegraph Hill are highly coveted and gentrified, perhaps it is also Chinatown's mystique that has kept young professionals and other gentrifiers from seeing Chinatown as a viable and valuable place to live. Its relative affordability is also likely attributed to the tight-knit circles that keep businesses and services oriented toward immigrants and Chinese, preventing Chinese bakeries from turning into internet cafes or traditional herbal stores into nightclubs.

There are forces, however, which want this and it can be seen on Chinatown's edges. The coffeeshop that my father used to attend every day for decades to meet his friends and community became a trendy Thai restaurant in 2000. A block west, several bars have opened as close alternatives to the neighboring North Beach's rowdy nightlife. Developers may view Chinatown as prime real estate because of its proximity to the financial district, the water, and its temperate climate.

The levee that holds back rampant redevelopment of Chinatown is planning and zoning that occurred in the 1980s. The massive developments that occurred in the neighboring financial district during the 1970s and '80s catalyzed Chinatown residents to organize to protect their neighborhood from being razed by capitalistic developers. American and Hong Kong developers rapidly accumulated small housing parcels in Chinatown to build high-rise office buildings that define the city's modern skyline. Most San Franciscans reacted negatively to the "Manhattanization" of San Francisco, preferring the quality and scale of the city's neighborhoods, especially downtown neighborhoods like Chinatown. After repeated attempts, citywide activists organized voters to approve limits on new office development in

⁵ City and County of San Francisco website, "San Francisco General Plan," http://www.sfgov.org/site/planning_index.asp?id=41403.

the Financial District to 475,000 square feet annually from 1986 to 1999.⁶ Downtown high-rise office development slowed and shifted South of Market Street.

This era led to the development of the Chinatown Resource Center and the Chinese Community Housing Corporation who worked to downzone Chinatown and keep the aggressive developers out. After merging in 1997 to become the Chinatown Community Development Center (CCDC), the organization continues to be the informal gatekeeper of development in the neighborhood and is the base and knowledge that I worked within for much of this thesis.

The City approved Chinatown Zoning in 1986 which set the goal to “retain and reinforce Chinatown’s mutually supportive functions as neighborhood, capital city and visitor attraction” and to “stabilize and where possible increase the supply of housing.”⁷ Specific policies to accomplish this include maintaining the stock of SROs that were low- and moderate-rent units. The plan called for height incentives, mixed-use developments, and decreased parking requirements to increase affordable housing supply in the neighborhood. Urban design guidelines limit heights that were once the same as the financial district to 50-85 feet, which discouraged speculating developers from building in Chinatown.

The rezoning of the neighborhood was a huge victory for residents and ushered in a new paradigm of development for Chinatown. CCDC has grown to become one of the premier nonprofit affordable housing developers in San Francisco with a reach that extends in other low-income neighborhoods like the Tenderloin and the Western Addition. It continues to be a primary source of community organizing, advocacy, and neighborhood planning in for the city.

The development line drawn between Chinatown and the Financial District is a pivotal point in the neighborhood’s history of empowerment, but also effectively halted all development in Chinatown. While CCDC extended its reach to build affordable housing around the city,

⁶ Macris, Dean, “San Francisco’s Downtown Plan: Landmark Guidelines Shape City’s Growth,” San Francisco Planning Urban Research Association, http://www.spur.org/documents/990801_article_03.shtm.

⁷ San Francisco Planning Department. “San Francisco Chinatown Area Plan.” City and County of San Francisco, http://www.sfgov.org/site/planning_index.asp?id=24892.

there were no financially sensible opportunities for developers in Chinatown and no incentives for property owners to redevelop. The major changes in Chinatown have thus been in the public realm – streetscape improvements and beautification, pedestrian and public transportation improvements, and increased parks and community spaces.

The need to increase the quality and supply of quality affordable housing in Chinatown is clear. With few new developments since the 1986 rezoning, buildings stand, age, and deteriorate with only modest improvements. Some property owners have even left housing units vacant to keep maintenance costs low, thereby taking units off the market and further extenuating the neighborhood's housing shortage. It has forced those who need to live in Chinatown the most to find homes further and further away.

If Chinatown continues to retain its role as a “capital city,” as housing availability remains limited and occupied, and as the neighborhood's building stock surpasses its century mark, the neighborhood is in dire need for a comprehensive housing strategy. This strategy requires zoning and urban design interventions, including evaluation of the forces that prevent and encourage affordable housing development. This thesis will reflect on the tools San Francisco and other cities have used to address affordable housing, provide a critique on those measures, and offer a set of strategies that can be used by Chinatown. By viewing Chinatown as the primary case study through this thesis, I will propose a range of policy actions needed to begin bringing down the wall that has limited development in the neighborhood.

Methodology

This paper investigates regulatory barriers and economic incentives and seeks to answer the following questions: What are the barriers to affordable housing development in San Francisco's Chinatown? What can encourage the rehabilitation of aging housing and the development of new affordable housing in the neighborhood?

I answer this question through two primary approaches: (1) literature and policy review and analyses of the existing regulatory framework, and (2) case studies that share perspectives specific to the community in question. Both are informed by interviews I held from

February through May of 2008 to access local knowledge and expertise about the topic. I interviewed staff of various city departments, CCDC staff, nonprofit community developers, and a real estate development consultant. All the interviews took place in person and on location in San Francisco.⁸ Together my research and interviews are infused throughout the body of this work, allowing me to formulate a thorough understanding of the various factors influencing development in Chinatown.

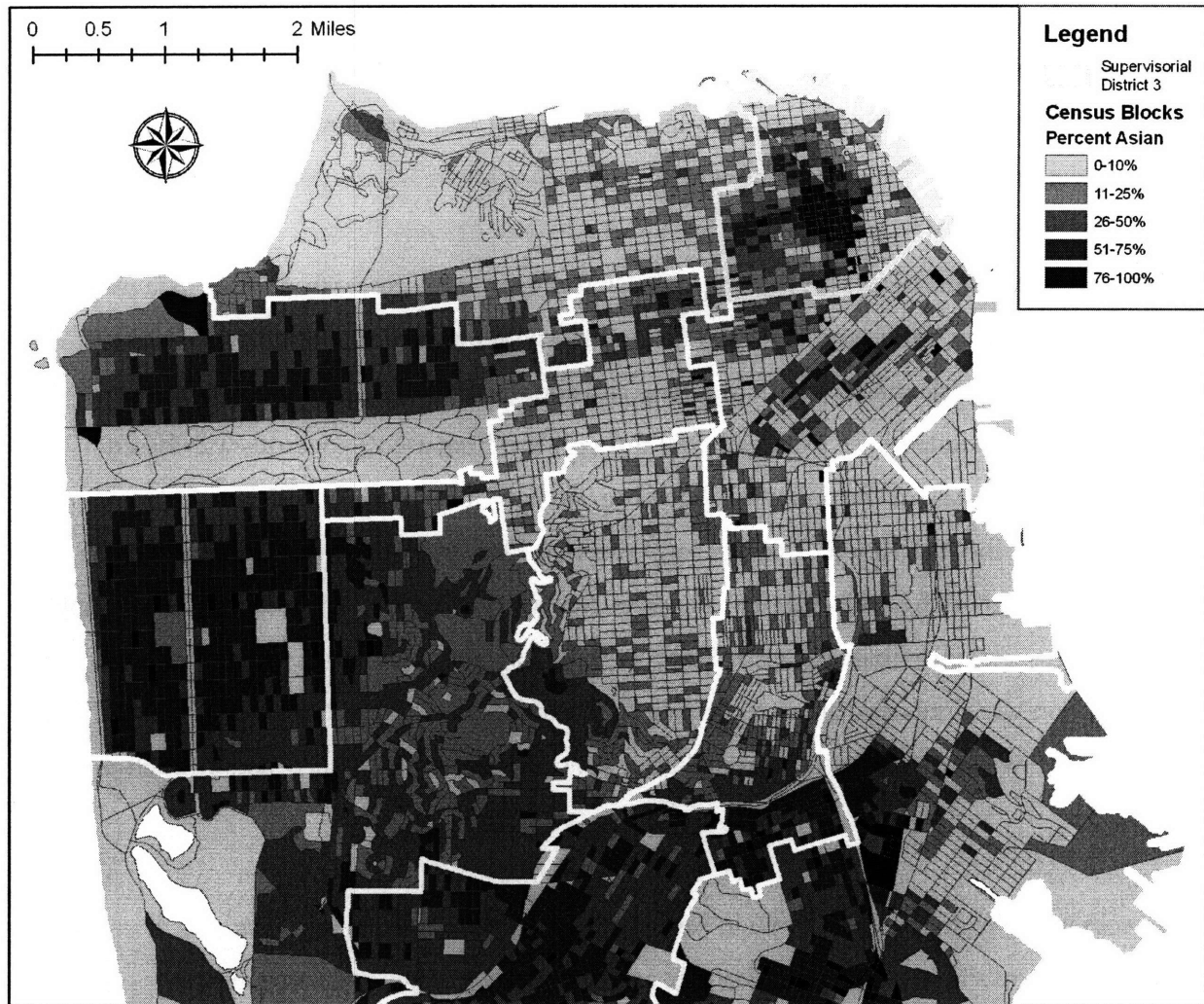
Data for policy analysis was gathered primarily through online research. Census data was gathered through American Factfinder (<http://factfinder.census.gov>) and Social Explorer (<http://www.socialexplorer.com>). Mapping and additional data about San Francisco's demographics and land use were gathered through San Francisco's generous web-based Enterprise GIS system (http://www.sfgov.org/site/gis_index.asp), and also with the aid of Alton Chinn and Teresa Ojeda of the San Francisco Planning Department. Particular GIS layers that were useful included the following data layers: planning landuse, planning zoning, cityfeatures, citylots, sfblocks, census2000 series. Data about San Francisco housing production was primarily gathered through the "San Francisco Housing Pipeline Report" and "San Francisco Housing Element," both which are available publicly and through the internet.⁹

I geographically define Chinatown in several ways throughout my thesis. The neighborhood's boundaries are debatable and constantly changing as surrounding neighborhoods that have traditionally been considered outside of Chinatown's boundaries have become predominantly Chinese in population and economic activity over the years. Various literature have said Chinatown is anywhere from 12 to 38 city blocks, and some have even defined greater Chinatown as far west as Van Ness Avenue. The map on the next page shows Supervisorial District 3 whose western boundary is Van Ness Avenue and shows the significant concentration of Asians in areas that include Nob Hill, Polk Gulch, and North Beach.

⁸ A complete list of interview subjects and dates is provided in the Appendix.

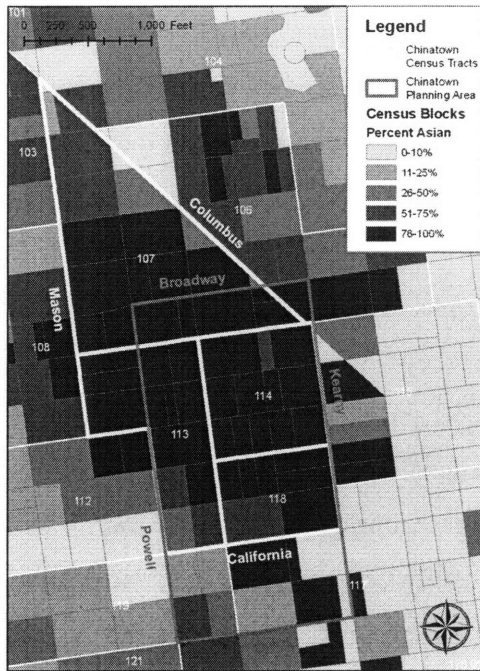
⁹ San Francisco Planning Department. "San Francisco Housing Element." City and County of San Francisco, http://www.sfgov.org/site/planning_index.asp?id=24994.

Density of Asian Population in San Francisco



The city's Planning Department defines Chinatown in two ways – as the “Chinatown Mixed Use District” which includes the three designated Chinatown land uses, and as the “Chinatown Planning Area” which is bounded by Broadway (north), Bush (south), Kearny (east) and Powell (west) as seen by the map on the left. One of my data sets for Chinatown's land use came from Chinn, who defines Chinatown as shown in the figure on the top right of the next page. Chinn's boundaries are the most conventional boundaries of the neighborhood and are ostensibly the place I mean when I refer to Chinatown throughout this thesis. This is the “core Chinatown” that is undeniably part of the neighborhood and where my analysis of land use patterns is targeted.

Density of Asian Population in Chinatown



Chinatown Land Use GIS file boundaries



Additionally, when looking at census data (see above left), I define Chinatown as Census Tracts 107, 113, 114, and 118 because they each contain Chinatown's commonly defined boundaries and because the percentage of Asians in those tracts are 84%, 84%, 89%, and 96% respectively. Mapping and boundary definition is important to my thesis question because they have important implications on land use and policy. While I want to limit my spatial definition to the least contentious boundaries of Chinatown, the findings of this thesis can easily be applied to neighboring areas that are now predominantly Chinese, like the area once considered North Beach that is north of Broadway and south of Columbus.

Throughout this work, I also have several assumptions that guide my analysis of the topic. The first is that change is inevitable – whether discussing people or places, adaptations must be made by all the relevant institutions, organizations, and stakeholders. The second is that regulatory change in Chinatown is possible - without assuming so, investigating the issue of barriers and incentives for development would be merely an academic exercise and of limited reach. And the final assumption is that change is needed – in attitudes and relationships as well as in policy to thoughtfully address this issue.

Chapter Preview

CHAPTER 1 provides a literature review of Chinatowns and Chinese Americans, ethnic neighborhoods, and affordable housing development. The chapter addresses the existing literature and positions this thesis in each of those areas. I present specific lessons learned from the literature in an effort to position to anchor in the context of issues that face planners and the planning profession.

CHAPTER 2 provides a profile of Chinatown's people, economy, and built environment. The snapshot of the neighborhood uses the most recent US Census as well as relevant literature to tell the story of the current neighborhood and their needs. In this chapter, I make a case for why Chinatown needs greater affordable housing – highlighting the importance of Chinatown as an entry point for Chinese immigrants, a center for monolingual low-wage workers, a community for elderly Chinese-American, and a place where many Chinese Americans still return to regularly despite living outside the neighborhood.

CHAPTER 3 suggests two housing strategies for Chinatown's housing stock: rehabilitation and development. I explore the rationale for both strategies, but suggest that development or redevelopment may be the best long-term strategy to address the multiple needs of the Chinatown community – an aging housing stock, maintenance of low-rents, and increased demand for housing.

CHAPTERS 4, 5, and 6 closely examines the Chinatown zoning passed in 1986 – within the context of the regulatory environment for development in San Francisco, and highlights specific barriers that developers face as well as the range of available policy tools to support affordable housing development. Combined the three chapters offer many viewpoints from various parties and existing literature about what policies would work in Chinatown.

CHAPTER 7 identifies who owns properties in Chinatown and explores their interests, which largely come down to financial feasibility of any actions pertaining to their properties. The chapter provides insight into the unique cultural characteristics of Chinatown's property owners, and the challenges associated with them.

CHAPTER 8 reviews recent developments that have occurred in Chinatowns in Los Angeles, Seattle, and New York. By reviewing these case studies, I attempt to formulate lessons that can be learned from each of those Chinatowns that have some commonalities to San Francisco's Chinatown. Los Angeles was chosen to examine the effectiveness of their Chinatown's designation as a Redevelopment Area. Seattle's Chinatown has a large amount of abandoned SROs and the neighborhood CDC as well as private developers have revitalized this housing stock. New York's Chinatown has faced less regulatory constraints and market forces have changed the neighborhood in ways that San Francisco resisted. While each case is unique and contextualized, the parallels between San Francisco appropriately offer useful ideas for San Franciscans to consider for its own Chinatown's future.

The CONCLUSION presents several strategies for Chinatown CDC and the City to pursue to preserve and increase affordable housing in the neighborhood, premised upon the notion that the best way to achieve this goal is through nonprofit ownership of more properties in the neighborhood.

Chapter 1: Literature Review

Chinatown and Chinese Americans

San Francisco Chinatown has been the interest of many scholars since the 1970s. These early writings have focused largely on Chinatown vis-à-vis Chinese-American history and topics like immigration and settlement, labor, and sentiments about Chinese to the United States (Nee 1973, Tsai 1987, Chan 1991). Chinese were only allowed to live in Chinatown for the first hundred years of their settlement in San Francisco. The literature documents Chinatowns prior to the 1965 Immigration Act and the subsequent desegregation of American cities, which changed the nature of Chinatown and the Chinese American community and allowed for the first Chinese to reside outside of the ghetto (Yip 1985, Kwong 2005, Chan 2006). Scholarly work since the 1990s has largely stemmed from the field of Asian American Studies which explores the Asian American and Chinese American experience in the United States, and is not necessarily associated with Chinatown since the community is now dispersed, though large concentrations of Chinese still exist in major metropolitan areas like New York, Los Angeles, and the San Francisco Bay Area. Themes include immigration and enclave economies (Zhou 1992), biographical memoirs of San Francisco's Chinese playground (Lee 1999), and transnationalism of the Chinese community (Chinn 1989, Chen 2000).

Literature about community development, housing, and architecture in San Francisco's Chinatown has largely been spurred by the advocacy efforts of the Chinatown Resource Center (today's Chinatown Community Development Center) in the 1980s (Liu 1980, Yip 1985). John Liu's (1980) study documents the neighborhood's many residential hotels, their residents, and living conditions. He found that many of the residents were elderly, of various ethnically-Chinese backgrounds including recent immigrants from Burma, and that conditions were generally congested and deteriorating. Christopher Yip's (1985) doctoral dissertation focused on the actual architecture of Chinatown and does a block-by-block analysis of physical development of the neighborhood. In writing about the post-1906 earthquake rebuilding of the neighborhood, he wrote:

“The core of Chinatown was quickly rebuilt with multi-storied mixed-use brick buildings.... Chinatown rebuilt represented an emerging of the new economic realities with the nineteenth century order.... ‘Orientalized’ commercial buildings were interspersed in recognition of the shifting economic reality. Entrepreneurs made a conscious effort to capture a larger portion of the tourist market to compensate for declining industrial production and a shrinking internal (Chinese American) market.”¹⁰

Yip’s recounting of Chinatown’s development is well documented and provides a thorough recounting of most of Chinatown significant buildings including those of family associations, Ping Yuen Housing Project, institutions significant to the community and history.

A study that predates Liu and Yip is a 1969 study by Community Design Center and was requested by the Housing Committee of the Chinatown-North Beach District Council. The study evaluates population characteristics as well as information about housing that reveal many of the same themes that Chinatown faces today. At the time, 39% of the population lived below federal poverty levels¹¹, most were immigrants and elderly, half the housing stock were SROs, housing units were overcrowded, a shortage of low-income housing existed, and “some of the worst housing conditions in the City are found in resident hotels and rooming houses in Chinatown.”¹² Nearly 40 years later, it appears that many of the same issues still exist.

Ethnic Neighborhoods

In *Racial Formation in the United States*, sociologists Michael Omi and Howard Winant interrogate notions of the race and ethnicity in the United States and define ethnicity as “religion, language, customs, nationality, and political identification.”¹³ The concept of ethnic communities is predicated upon an Anglo-centric world-view of “ethnic others” who differed from the norm of this worldview. Before the Civil Rights Movement of the 1960s, ethnic minorities were segregated and overtly disempowered by racist American policies from slavery of African-Americans, to prohibitions of interracial marriage, to redlining, to

¹⁰ Yip, Christopher, “San Francisco’s Chinatown: An Architectural and Urban History,” (PhD dissertation, UC Berkeley, 1985), 232-3.

¹¹ Community Design Center, “Chinatown – An Analysis of Population and Housing,” (University of California: 1969), 19.

¹² Ibid., 26.

¹³ Omi and Winant, *Racial formation in the United States : from the 1960s to the 1980s*, (New York: Routledge & Kegan Paul, 1986), 15.

anti-immigrant policies like the 1882 Chinese Exclusion Act. Until *Buchanan v. Warley*¹⁴ was deemed unconstitutional in 1917, local governments commonly zoned areas based on race, and it wasn't until 1948 in *Shelley v. Kramer*¹⁵ that restrictive covenants were declared unconstitutional.¹⁶ For centuries of American history there was nothing but the ethnic neighborhood for ethnic minorities.

The Civil Rights Movement, however, broke open the gates that for centuries treated ethnic minorities like second-class citizens. It brought forth voices of inclusion of ethnic minorities in all spheres of American life, particularly in political representation including the planning of cities and neighborhoods. Since this time period, the notion of cultural pluralism developed and planning's effort to address this came from Davidoff (1965), Alinsky (1971), Friedmann (1973), and Grabow and Heskin (1973). These scholars critiqued top-down rational planning processes that resulted in such planning tragedies like the federal Urban Renewal of the 1950s, and advocated for more inclusive community-based planning practice.

“In reaching out to other racial, cultural, and ethnic groups, it also became apparent that these groups frequently had interests that diverged from those of mainstream practice and, therefore, planning was forced to deal with the problems of how to incorporate these alternative views into public policy programs.”¹⁷

Understanding ethnic neighborhoods in the post-Civil Rights era is a complex task that involves studying the cross sections of immigration, economics, sociology, culture, and public policy. Marcuse (2005) differentiates between desirable and undesirable types of clustering and segregation and suggests that social divisions fall under three categories: culture, functional economic roles, and positions in the hierarchy of power.¹⁸ Briggs (2005) adds to this understanding of ethnic neighborhoods by highlighting the social capital of

¹⁴ *Buchanan v. Warley*, 245 U.S. 60 (1917)

¹⁵ *Shelley v. Kraemer*, 334 U.S. 1, (1948)

¹⁶ Marcuse, Peter, “Enclaves Yes, Ghettos No,” *Desegregating the City*, (Albany, NY: State University of New York, 2005), 24.

¹⁷ Burayidi, Michael A., “Tracking the Planning Profession: From Monistic Planning to Holistic Planning for a Multicultural Society,” *Planning for a Multicultural Society*, (Westport, Connecticut: Praeger, 2000), 43.

¹⁸ Marcuse, 19.

ethnic enclaves as a beneficial resource for group members for social support, status attainment, and political empowerment.¹⁹

As demographics in American communities continue to shift, there is a continued need for planners and policymakers to be sensitive to people of color and ethnic neighborhoods. Feminist planner Dolores Hayden encourages looking at urban spaces and their meanings, particularly through marginalized lenses provided by women and people of color. From singular buildings to the built environment of a neighborhood to the ways that people use physical spaces, Hayden promulgates an analysis of planning and cities that subverts conventional thinking about place and place-making. “Understanding the history of urban cultural landscapes offers citizens and public officials some basis for making political and spatial choices about the future. It also offers a context for greater social responsibility to practitioners in the design fields.”²⁰

Zoning and Affordable Housing

Governments have regulated the built environment and have been constitutionally allowed to do so since 1926 when the Supreme Court ruled in *Euclid vs. Ambler Realty* that zoning was a constitutional exercise of police power in its ability to prevent nuisances.²¹ Before then, housing codes were used for sanitation, safety, and public health issues though not officially considered zoning land uses and land development. Today zoning has evolved into regulations on the physical and built environments such as large lot zoning, minimum setbacks, and architectural standards. It also encompasses environmental regulations that

¹⁹ Briggs, Xavier, “Social Capital and Segregation in the United States,” *Desegregating the City*, (Albany, NY: State University of New York, 2005), 79-104.

²⁰ Ibid., 43.

²¹ *Village of Euclid, Ohio v. Ambler Realty Co.*, 272 U.S. 365 (1926)

protect and preserve ecosystems, limits urban/suburban growth, and encourages development in proximity to transit, open space, and jobs.

In *NAACP v. Mount Laurel*²² cases, the New Jersey Supreme Court ruled it unconstitutional for zoning to exclude low- and moderate-income residents that paved the way for inclusionary zoning, which jurisdictions have used to develop affordable housing in voluntary and mandated ways. A large part of the literature about affordable housing stems from the *Mount Laurel I and II* decisions and discusses the relative success of inclusionary and incentive zoning. Porter (2004) in summarizing the history of inclusionary zoning states that inclusionary zoning came from the convergence of affordable housing advocates, decreasing federal support for affordable housing production, and greater use of exactions by local governments for public benefits.²³ Today's inclusionary zoning policies come intact with developer incentives, financial subsidies, and a burden on municipalities to provide compelling cases for inclusionary requirements and have been most popular in California, Massachusetts and New Jersey.

Inclusionary zoning has also evolved in application from suburban to urban areas. Allowing low-income people to live in suburban cities was important in the days of the *Mount Laurel* decisions when American downtowns were declining and suburbia was largely middle-class and white. Davidoff (1985) poignantly asks, however, "If we can zone for parking, why can we not zone for people in our downtown zoning ordinances? Inclusionary zoning originated as a remedy to exclusionary suburban land-use policies. But these policies are not the

²² *Southern Burlington County NAACP v. Township of Mount Laurel*, 67 N.J. 151 (1975) and *Southern Burlington County NAACP and Davis Enterprises v. Township of Mount Laurel*, 84 N.J. 414 (1983)

²³ Porter, Douglas, "The Promise and Practice of Inclusionary Zoning," *Growth Management and Affordable Housing*, (Washington, DC: The Brookings Institution, 2004), 213.

exclusive province of the suburbs.”²⁴ To date, however, there is not much available literature about the regulatory environment for affordable housing development specifically for downtowns besides general discussions about inclusionary zoning. What works in suburbia works in inner cities as well.

Another arm of literature that exists about inclusionary zoning’s impacts on housing patterns, land values, and conflicts with growth management (Glaeser and Gyourko 2002, Downs 2004). Schill (2004) highlights the inherent opposition between smart growth policies that work to restrict sprawl and inclusionary zoning that often is synonymous with density bonuses. In a simplistic analysis, greater density can accomplish two goals: less sprawl and more affordable housing. Schill argues that it is false to assume that they go hand in hand because affordable housing and density are not necessarily supported by suburban families or central cities. He writes, “Building affordable housing in urban environments is by no means an easy undertaking.”²⁵ He lists NIMBYism, high costs of construction, labor costs, site preparation costs, and “excessively long land use approval process to burdensome building code regulations and inefficient administrative procedures” as major challenges to affordable housing development in central cities.²⁶

Overall, the literature still seems limited and inclusive about other strategies for affordable housing development beyond inclusionary zoning, but also recognize that it is more than just a regulatory issue and part of a larger cycle of housing production that is sensitive to

²⁴ Davidoff, Paul, “Zoning as a Class Act,” *Inclusionary Zoning Moves Downtown*, (Chicago: American Planning Association, 1985), 3.

²⁵ Comment by Michael Schill on “Smart Growth and Affordable Housing,” *Growth Management and Affordable Housing*, (Washington, DC: The Brookings Institution, 2004), 104.

²⁶ *Ibid.*, 104-5.

economic cycles. While affordable housing still faces resistance in some communities, inclusionary zoning tools used by cities are becoming more commonplace and the policy design fairly standard.

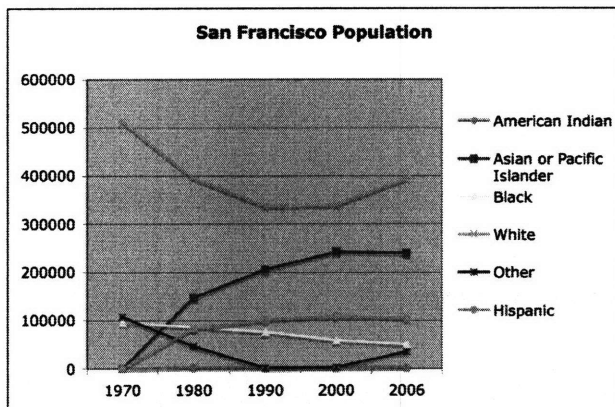
The politics of identity – however they may be defined around gender or race or neighborhood – are an inescapable and important aspect of dealing with the urban built environment, from the perspectives of public history, urban preservation, and urban design.

Dolores Hayden, *The Power of Place: Urban Landscapes as Public History*

Chapter 2: Chinatown Profile

The People

In order to understand a neighborhood or place, we must understand its people. Phil Choy, a Chinatown architectural historian, says that Chinatown is not about what people see in the built environment, but rather the people and life of what fills it. Choy was quoted in the *New York Times* in 1998, saying that valuing Chinatown only for its architecture is “like saying we’re people in this little artificial zoo for visitors to see.”²⁷ The 2000 US Census reveals a snapshot of the state of the community, and despite the 8 years since the census, it is reasonable to assume that demographics in the neighborhood have remained relatively stable.²⁸ As Asians remain the fastest growing racial group in the United States²⁹, Chinese immigrants are dispersing and entering the country outside Chinatown though many still depend on Chinatown for jobs and labor resources.



San Francisco lost an estimated 2,000 Asians and Pacific Islanders from 2000 to 2006 with an estimated population of 239,904.³⁰ The city has grown overall by 73,395 people over the same years, most who are white and wealthy – displacing low-income and immigrant communities and living in the new market-rate housing that is being built. Chinatown’s

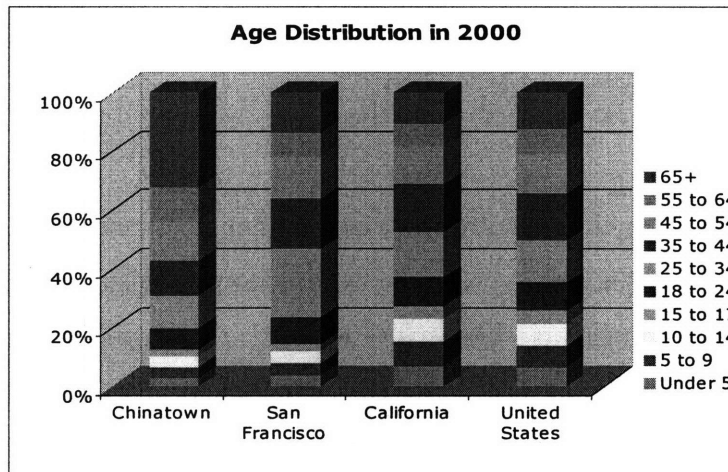
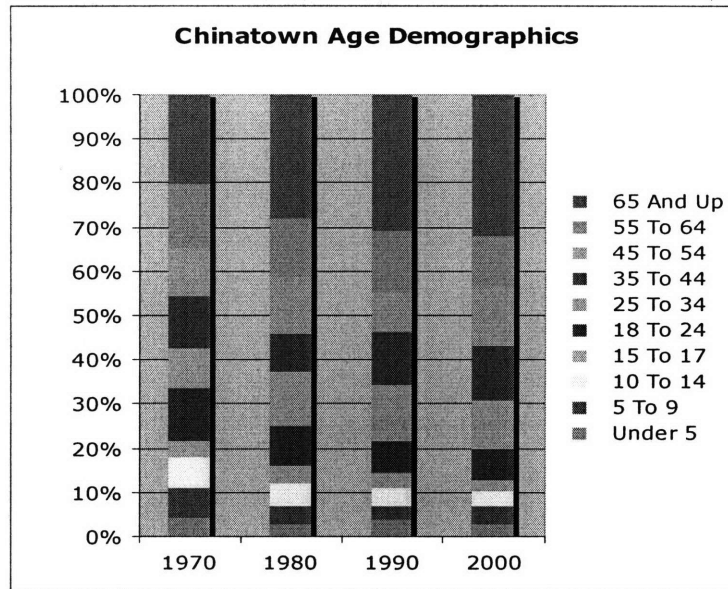
housing market appears safe from these gentrifiers, other Chinese enclaves are beginning to feel the pinch as rents increase and they become priced out of the city. This highlights the important need for increased affordable housing in the city, and particularly in Chinatown that may become the last bastion for working class immigrant Chinese in San Francisco.

²⁷ Bruni, Frank, “In Chinatown, Preserving the Past or Present?,” *New York Times*, September 6, 1998.

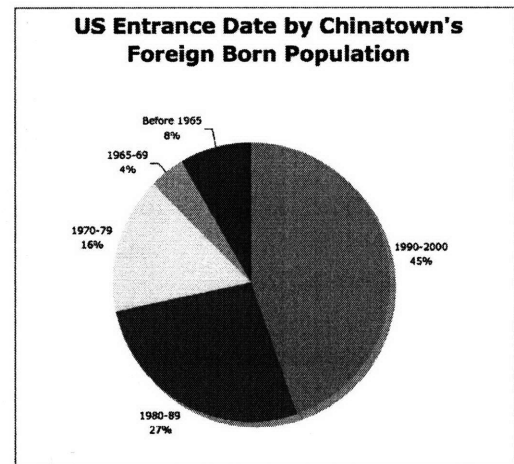
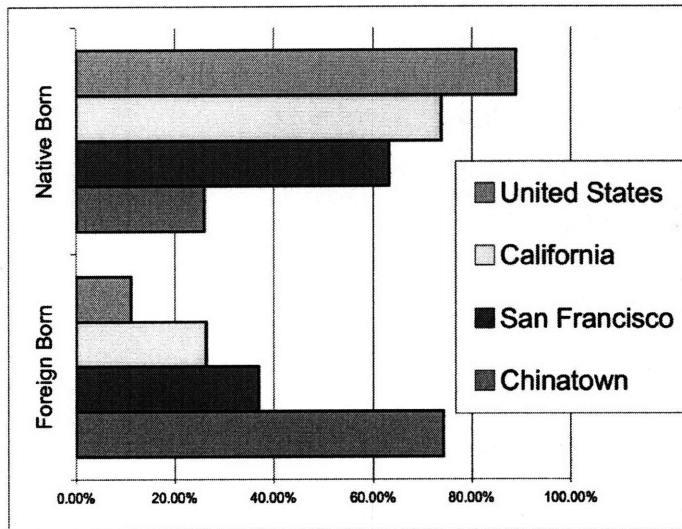
²⁸ All data in this chapter is supplied by the 2000 US Census.

²⁹ According to the US Census, the Asian American population grew exponentially from 1960-2000, from 877,934 to 11.9 million, more than doubling every ten years.

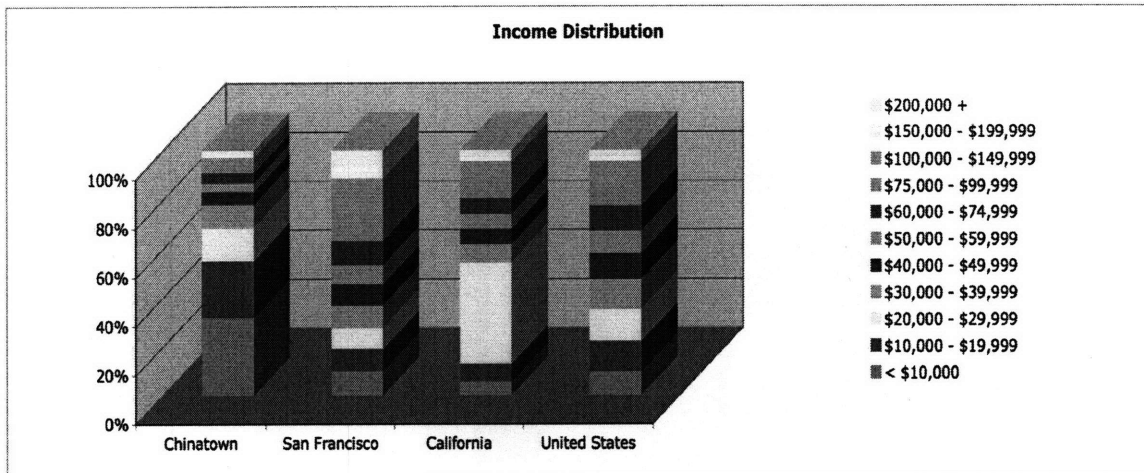
³⁰ 2006 American Community Survey and 2000 US Census.



Age: Over the last four decades, Chinatown's population has become an increasingly aging population, and has seen the decline of families and school-aged youth. Compared to the rest of San Francisco, the proportion of seniors over 65 is about twice that of the city average. This reality poses a unique context for Chinatown and its housing stock. Seniors are often less mobile, require more services, and need less living space than growing families – making a compact and service-oriented space like Chinatown ideal. Immigrant seniors also are less likely to move out of the neighborhood, unlike families who may view Chinatown as a transitional place to get on their feet, accumulate wealth, and to eventually move out to other neighborhoods in San Francisco or the greater Bay Area.



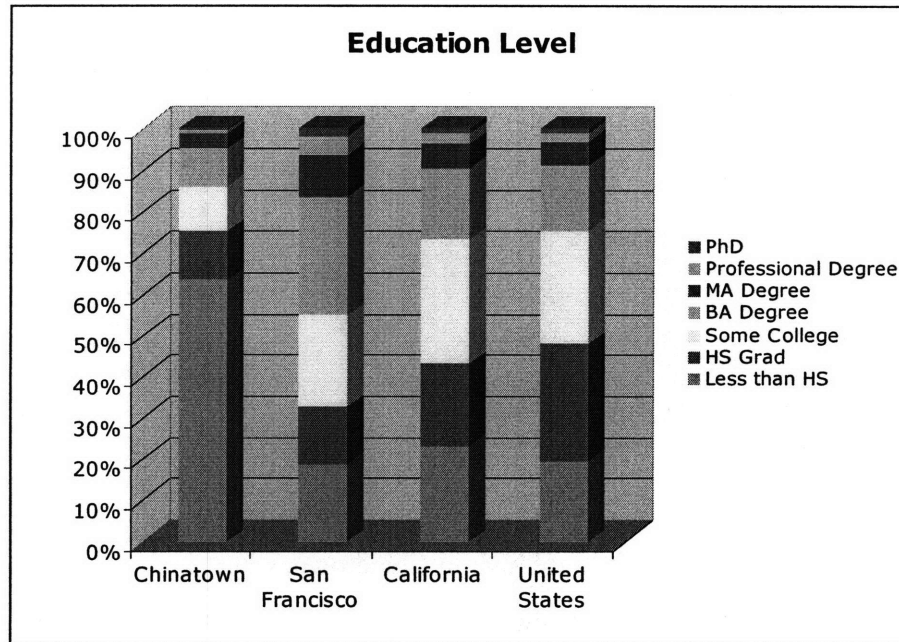
Immigration: San Francisco is known as a city of immigrants and for its multiculturalism – which is acutely represented by Chinatown. Walking in its streets, one can tell that immigrants whose native tongue is not English dominate the neighborhood. The census shows that the proportion of foreign born residents in Chinatown is over twice that compared to the proportion of foreign born in all of San Francisco, nearly three times that of California, and nearly 7 times that of United States. Of Chinatown's foreign-born population in 2000, 88.7% are from China, 5.7% from Southeast Asia, and cumulatively 94.9% are from Asia. Chinatown remains a predominantly Chinese neighborhood, but is also growing in diversity. Ethnic Chinese from Southeast Asia, particularly from Vietnam, began moving into the neighborhood in the late 1970s. And while the Toisanese and Cantonese have the historic base, newer immigrants are coming from other parts of China including Fujian, Hong Kong, and other parts of Mainland China.



Income and Poverty:

Poverty levels are high in Chinatown, where in 2000, 31.6% of the population made less than \$10,000 a year and an additional 23.5% made between \$10,000 and \$19,999 per year. Considering San Francisco's relative wealth, it is almost an anomaly for a neighborhood to see such a disparity in income. Of Chinatown's residents 21.4% live below the poverty line compared to 11.3% for all of San Francisco and 14.2% for California, an alarming rate that highlights the great need for services as well affordable housing. With so many neighborhoods undergoing gentrification and displacement, Chinatown is one of the few places that enables low-income people to survive in the city. The concentrated poverty may be endemic of trends in the city that some fear is turning into a city of the very rich and the very poor.

This notion of Chinatown as a neighborhood that enables people to survive is important in any discussion about development and housing for the neighborhood. While some argue that Chinatown is stagnant and that the housing is falling apart, others attribute these very conditions as responsible for allowing people who are the bottom of our social hierarchy to live. The latter argument says that people in poverty are not looking to live in palaces, and are willing to deal with more substandard conditions. This debate is not the focus of this thesis, but is related to understanding the values that govern any decision about neighborhood zoning.



Education Level: Poverty levels, employment, and educational achievement are inextricably linked. It should come to no surprise then that in 2000, 63.5% of Chinatown’s residents had less than a high school education. Many of the immigrants living in Chinatown are from small villages and are not an educated class – unlike burgeoning Chinese communities in other parts of the country, particularly those in suburban areas like Southern California’s San Gabriel Valley.

The Buildings

While people are important, so are the buildings that are equally important to answering the thesis question. Ultimately, this thesis is about the built form of the neighborhood. San Francisco’s Chinatown has the highest residential density in San Francisco, and only places second to the density of Manhattan. The nearly 20,000 people packed into 30 square blocks leads to a residential density of roughly 85,000 people per square mile. A building stock to house such a dense population is clearly high-density apartment buildings. For Chinatown around half of the building stock are buildings with that have at least 20 residential units.

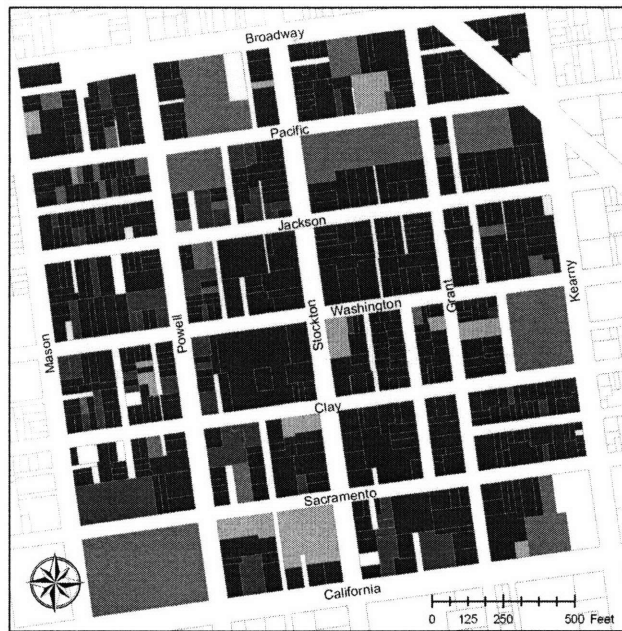
Most Chinatown buildings were built prior to WWII, many of which were built in the immediate years after the 1906 earthquake. Some of the more modern structures include Elderly Housing (1990), Mei Lun Yun (built in 1982), and the 14-story Mandarin Towers (built in 1970) which stands as the tallest building in Chinatown today. Most buildings throughout the neighborhood are low-rise, 75% being three stories and under and a majority of the buildings, particularly in the neighborhood core, have ground floor retail storefronts. This character has been associated with Chinatown since it was rebuilt after the 1906 earthquake.

It's worth noting that after the 1906 earthquake, city leaders were trying to move Chinatown to the Hunters Point neighborhood in the city's Southeast corner. Recognizing the value of the land Chinatown lay upon, the city wanted to reclaim the land from Chinese who they saw as dirty and unwanted. The community and China's government rallied against the racist plan, and firmly planted its foot in the original location of Chinatown around Portsmouth Square. The right for Chinese to be in this place was hard fought from its beginnings and Chinese Americans are proud of this victory. This pride is part of the undercurrent of any land use discussions that take place. Interestingly enough, non-Chinese architects were hired to redesign Chinatown in an "oriental" style to attract tourists; the neighborhood's curved and pagoda rooftops are now synonymous with Chinatowns throughout the country.

According to the 2000 Census, of the 7065 housing units in Chinatown³¹, 90.4% of the units are rentals while only 9.6% were owner-occupied. Of the renter occupied units, 46.5% paid 30 percent or less of their household income on rent and with a significant number, 17.3% that spent over 50% of their income on rent.

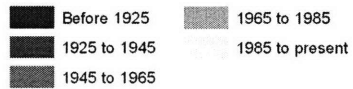
³¹ Chinatown is defined here as US Census Tracts 107, 113, 114, and 118.

Building History

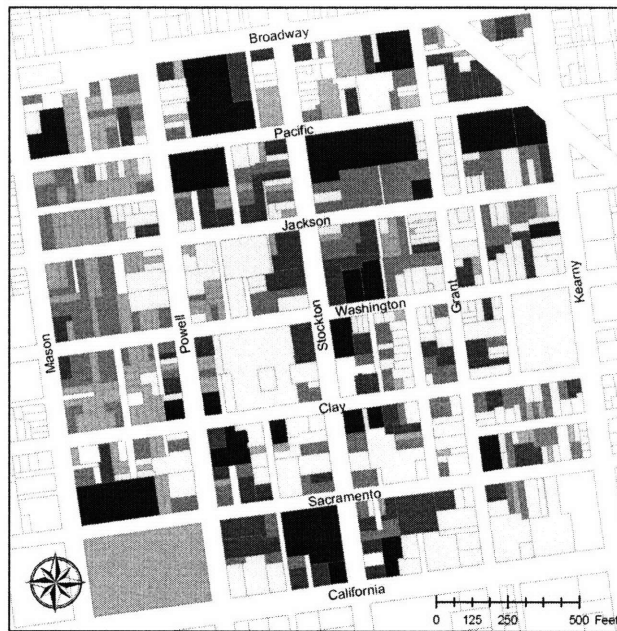


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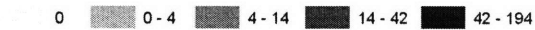
Year Built



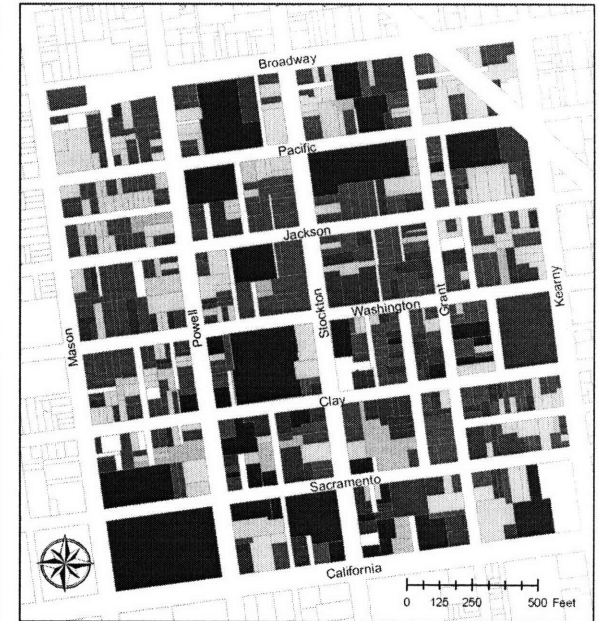
Residential Units



Number of Units



Chinatown Heights Map



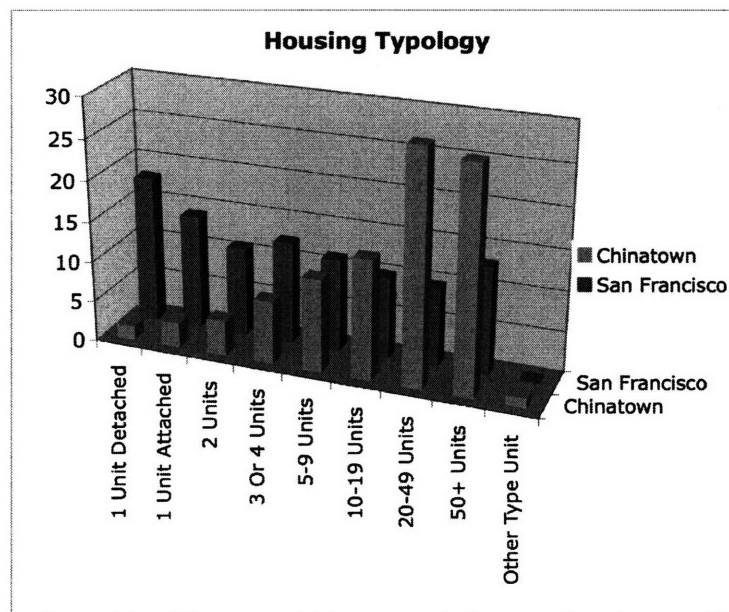
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Number of Stories



The Housing

It has been estimated that 50-60% of Chinatown's Housing stock are residential hotels, also known as Single-Room Occupancies (SROs).³² Built when Chinatown was a bachelor society in the early 20th century, the housing was largely meant to house workers working in San Francisco's maritime industries who needed short-term housing when their boats were docked. SROs do not have their own bathrooms or kitchens, which are often shared facilities in a building, and have been documented to measure from 60-150 square feet.³³ The demographics and subsequent needs of the community have changed over time, today housing many elderly residents as well as immigrant families who often have to jam four or more people into one room.

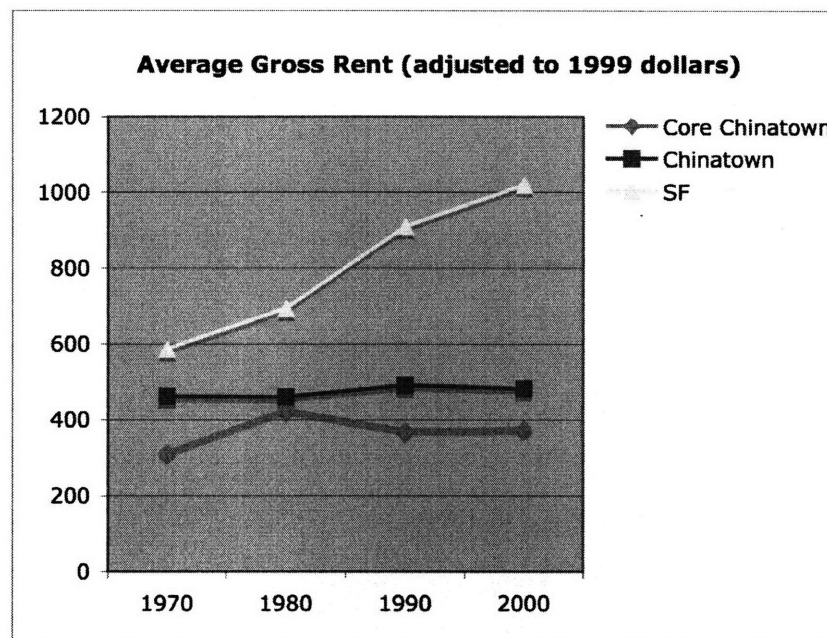


Rental rates in Chinatown remained constant (as adjusted to 1999 dollars) since the 1970s while average rents in San Francisco have nearly doubled over the same period. According to the San Francisco Housing Inventory, the average monthly rent for a 2-bedroom apartment

³² Liu, John, "San Francisco Chinatown Residential Hotels," (San Francisco: Chinatown Neighborhood Improvement Resource Center, 1980), 7. Hua, Vanessa, "Reaching for the American Dream: Chinatown renters unite to own homes," *San Francisco Chronicle*, July 25, 2006.

³³ Liu, 7.

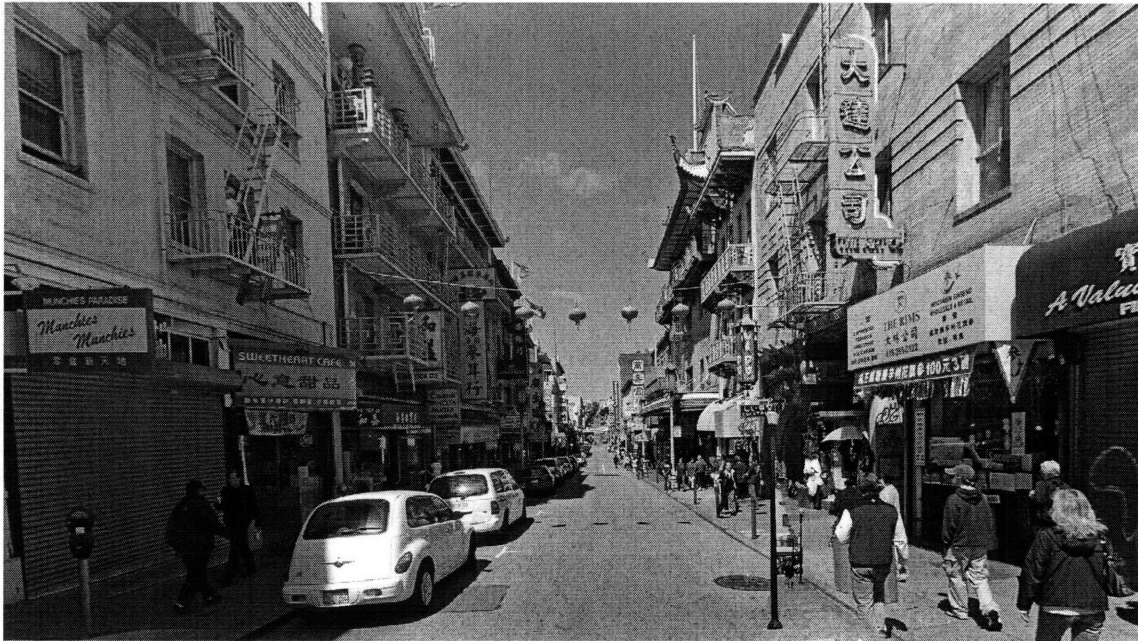
in San Francisco has gone from \$1,600 in 1997 to \$2,400 in 2006, with a peak at \$2,750 in 2000 at the height of the dot-com boom. With the city's housing market is hyper-inflated, Chinatown's rent stability is an interesting phenomenon which can be partly attributed to rent control, infrequent vacancies and turnovers, and substandard housing that is undesirable to most. This micro-market, however, is constantly threatened by encroaching gentrification, by neighboring communities who have historically seen Chinatown and its people as nuisances.



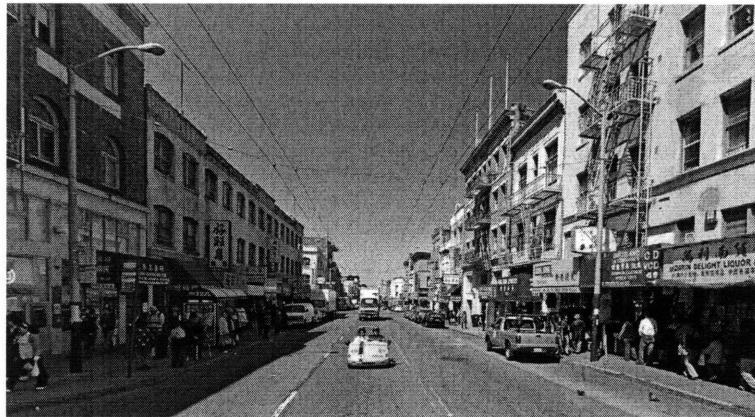
According to Wayne Hu, a Chinatown real estate development consultant whose family has been in the real estate appraisal business for generations, who states that one of the reasons that Chinatown's housing market is able to thwart off the threat is that real estate switches hands rarely and often within the confines of the Chinese-American community.³⁴ Property owners will not list vacant units through mainstream sources, and will often advertise in Chinese-language newspapers that are commonly read by the Chinese-speaking community. Even then there are only a few buyers who are willing and able to afford purchasing property in Chinatown, and so offers are only given to this select group.

³⁴ Interview with Wayne Hu by Bryant Tan on May 5, 2008.

Neighborhood Economics & Dynamics



Grant Avenue (top) compared to Stockton Street (right) is oriented towards tourists and has more historic architectural qualities. Though the building heights on both are similar, Stockton Street is wider and serves as a primary north-south route for vehicular traffic.



A cross-section of Chinatown reveals some predictable outcomes, but also some interesting dynamics that are not seen on the surface. The neighborhood is commonly divided and defined by two parallel corridors: Stockton Street and Grant Avenue. Stockton Street is primarily lined with grocers, butchers, and restaurants – an economy for the locals. People and produce spill onto the bustling street and the streets are congested with a mix of vehicular and auto traffic. Grant Avenue is the Chinatown of tourist books – not a destination for locals, but rather for the many visitors who come to San Francisco. The San Francisco Visitor's and Convention Bureau found in 2004 that Chinatown is the second most visited neighborhood among San Francisco's hotel guests and Grant Avenue is catered towards that tourism. In stark contrast from the five blocks along Stockton, the 8-block

length of Grant is narrow and quiet. The stores here are teahouses and stores that sell postcards, San Francisco sweaters, and Chinese paintings. Both streets have their own functions and each is dependent largely on the immigrant labor that resides in the neighborhood.

In researching New York's Chinatown, UCLA sociologist Min Zhou writes: "The enclave economy provides jobs for immigrant Chinese, helps them adjust to the new country, and smoothes barriers in the path of incorporation."³⁵ This phenomenon is validated when looking at employment sectors of the residents of San Francisco's Chinatown as well. According to the 2000 Census, the top three industries in which people in Chinatown are employed are food service (22.3%), manufacturing (17.1%), and retail trade (9.5%). This clearly shows that the top three employment sectors, which account for 48.9% of the neighborhood's employable workforce, are largely unskilled.

The importance of retaining Chinatown's social and economic livelihood is critical in acclimating immigrant Chinese into the United States. Neighborhood-based organizations like Chinese for Affirmative Action and the Chinatown Families Economic Self-Sufficiency Coalition have culturally and linguistically competent workforce development programs to aid and train immigrant workers.

Workers are a large part of Chinatown, but due to the aging population, only 48% of the neighborhood is part of the workforce. A 1997 study by the Chinese Resource Center and Chinese Progressive Association noted that over half of the households surveyed were on public assistance, primarily seniors on Social Security. "Our survey shows that 28% of those on SSI are paying almost 50% or more of their income for housing."³⁶ As a result, seniors have less disposable incomes and need neighborhood businesses to keep goods and costs low, as many patrons are very sensitive to price competition. The effect on the neighborhood economy is seemingly a race to the bottom where businesses compete to maintain small profit margins from Chinatown's low-income consumer base.

³⁵ Zhou, Min, *Chinatown: Socioeconomic Potential of an Urban Enclave*, (Philadelphia: Temple University Press, 1992), 205.

³⁶ Chinatown Resource Center, "1997 Chinatown Housing Survey," (San Francisco: Chinatown Resource Center, 1997), 7.

Robert Bach writes that ethnic enclave economies require a highly differentiated class structure in the ethnic community, concentration in a relatively small geographic area, and a commitment by members of the group's capitalist class to frequently use members of their own ethnic group as suppliers or subcontractors, hire fellow ethnics as workers, train them, and ultimately help them become self-employed entrepreneurs.³⁷ In return, workers refrain from labor militancy and accept relatively low wages and poor working conditions. This is the dynamic that exists in Chinatown's many businesses, and what keeps the neighborhood afloat. As more people find home and jobs in other Chinese ethnic enclaves with similar economic dynamics, the dependency and relevancy of Chinatown diminishes.

³⁷ Bach, Robert L., "Immigration: Issues of Ethnicity, Class, and Public Policy in the United States," *Annals of the American Academy of Political and Social Science*, Vol. 485, From Foreign Workers to Settlers? Transnational Migration and the Emergence of New Minorities (May, 1986), 150.

Chapter 3: Chinatown Housing Strategies

Rehabilitation

Several articles that appeared in the San Francisco Chronicle in 2005 made clear that conditions in Chinatown's housing are deteriorating. A survey along the Stockton Street Corridor shows that all of the buildings were built between 1906 and 1950, making most over 50-100 years old in 2008. According to Dave Ho, Senior Organizer at CCDC, the city is sensitive to not come down too hard on Chinatown property owners when it comes to code enforcement – understanding the relative constraints and investment involved in rehabilitation. The city's Department of Building Inspection has enlisted the help of CCDC to provide education and technical assistance to tenants and property owners about meeting the city's building codes through the Code Enforcement Outreach Program (CEOP). Ho says CEOP has been successful in improving housing in Chinatown's worst buildings – targeting 12 buildings that had a combined 300 code violations.³⁸

The maintenance of existing levels of SRO units in Chinatown is not a simple task. The high land values in San Francisco's downtown neighborhoods tied with the low vacancy rate and low rent ceiling in Chinatown serve as disincentives for owners to improve conditions in their existing units. Rehabilitation of these aging buildings has the potential of being the most cost effective way of maintaining the affordability for future generations. While appearing relatively cost-effective compared to outright redevelopment, property owners are often reluctant to rehabilitate unless mandated by code enforcement. Ho says that citing owners sometimes isn't enough to cause compliance and action by landlords.

The city has even offered low-interest loans to counter inaction in the past. A program run in the early 1990s by CCDC to package loans had no success even with aggressive marketing and outreach. Ho says that it was largely due to the requirements tied to the loans and that landlords were not interested in having government control over their properties. Landlords

³⁸ Interview with Dave Ho by Bryant Tan on May 5, 2008.

in Chinatown are also risk averse, not wishing to take on the burden of debt and are unwilling to deal with issues like the temporary relocation of tenants.

To further complicate the situation, the only city run program currently available to rehabilitate housing, the “Community Housing Rehabilitation Program,” is targeted towards low-income primary residences of homeowners and only apply to one and two-unit buildings disqualifying most of Chinatown’s building stock. A separate program does not currently exist for owners of apartment buildings or SROs, giving even less incentive for multi-unit structures in the city to rehabilitate despite being a majority of the city’s housing stock.

The fact remains that rehabilitation in Chinatown is not occurring at the rates that it should. According to Olsen Lee of the San Francisco Redevelopment Agency, the value of Chinatown properties lie in the commercial storefronts, which can often pull in three to four times the rent per square foot than the residential units above, leaving property owners with little incentive to fix the residential units. “There really is no incentive if they feel they cannot be competitive or if it’s a code enforcement type of thing,” said Lee, adding that there needs to be more creative ways to approach property owners about maintenance and rehabilitation.³⁹

An interesting idea that was promoted in San Diego to preserve their SROs in the 1980s was to lease to a lessee who can rehabilitate a property, and to assume the financial costs involved with rehabilitation without the expenses of acquisition. While theoretically appealing, CCDC has refused to take on properties whose owners have solicited their property management services. According to Whitney Jones, CCDC’s Director of Housing Development, the properties have been too small to be financially feasible and often required levels of rehabilitation that were too costly.⁴⁰

The central question for Chinatown and a key challenge for all city planners is how to keep rental costs low while still improving the quality of housing. While the level and cost of

³⁹ Interview with Olsen Lee by Bryant Tan on March 7, 2008.

⁴⁰ Interview with Whitney Jones by Bryant Tan on March 19, 2008.

rehab varies building to building, there is a cost involved that needs to be born – and this invariably will trickle down to renters. A study of the 2003 American Housing Survey by HUD shows that of the 99 million occupied housing units in the country including renter and owner-occupation, the median monthly housing cost would rise by \$189 (from \$727 to \$916) if all housing units that needed rehabilitation were rehabilitated.⁴¹ If looking at the portion of occupants that pay less than 30% of their income on housing, 68.4% are below that pre-rehabilitation threshold and this number would drop to 57.5% if all units were rehabilitated.⁴² Furthermore, for housing units built before 1939, which includes a majority of the buildings in Chinatown, median monthly housing costs would rise from \$634 pre-rehabilitation to \$851 post.

With constraints on rehabilitation and constraints on redevelopment, something must give in Chinatown. The following chapters examine the regulatory framework and development environment to illustrate the barriers to housing development in San Francisco's Chinatown and thoughts on regulatory changes that can occur to promote growth. While rehabilitation can stabilize the community, the neighborhood must address the issue of growth as well. It is given that:

“Rehabilitation in the stable residential areas is explained by the lack of demand for other than the existing residential use and the fact that zoning ordinances may prohibit anything else.... Remodeling accompanied by allowable conversion will probably prevail if zoning does not permit high-rise construction.”⁴³

This is likely why many of my interview subjects from the Mayor's Office of Housing to the Planning Department to the Redevelopment Agency have encouraged thinking more closely about rehabilitation. My proposition, however, is that in the long term it is actually an economic disincentive to rehabilitate properties while keeping rental rates low, that zoning

⁴¹ Department of Housing and Urban Development, “Best Practices for Effecting the Rehabilitation of Affordable Housing, Volume 2,” <http://www.huduser.org/publications/affhsg/bestpractices.html>.

⁴² Ibid., 13.

⁴³ Nash, William W., *Residential Rehabilitation: Private Profits and Public Purposes*, (New York, McGraw-Hill, 1959), 132-3.

and the current building envelope must be reconsidered to create greater economic and housing opportunities. The long term question given that rehabilitated housing will likely increase rental costs, is whether the neighborhood should explore redeveloping parcels of land and to what extent. Ho puts it another way: “The work that we do with code enforcement and rehabilitation is only a band-aid approach to supporting the housing in our neighborhood. The real question is, how many times can you repave a roof and how many holes can you patch up before it all falls apart?”⁴⁴

The remainder of this thesis presumes that over time, redevelopment will need to occur in Chinatown and that zoning needs to be responsive to this fate. Given that property owners will continue to minimally maintaining their properties, and real estate developments will continue to overlook Chinatown because of the numerable challenges to redevelopment, Chinatown’s buildings may soon be entering a crisis mode. The neighborhood’s economy is already seeing a downturn. Without some intervention or natural disaster, the buildings in Chinatown will continue to deteriorate to slum conditions further compromising the health, safety, and welfare of neighborhood residents.

Soft Sites & Speculation

While rehabilitation is one road to recovery for Chinatown’s buildings, redeveloping vacant and underutilized properties is another and this requires some real estate speculation. Like Hong Kong real estate speculators of the 1980s, who were less interested in community benefits and were looking for personal profits, those interested in serving low-income residents must also aggressively analyze and pursue acquisitions in the Chinatown market in order to use and maintain the land as affordable housing. With investors disinterested in Chinatown and choosing to invest in properties in more lucrative markets, it leaves Chinatown open to more thoughtful and careful futures for neighborhood land use.

Given the question of redevelopment, Gordon Chin is quick to point out that the current zoning allows room for some development. Heights in parts of Chinatown permit building heights anywhere from 50 to 85 feet, but most remain at two to three stories. This disparity

⁴⁴ Interview with Ho.

between regulation and behavior begs the question whether zoning is the largest barrier to Chinatown's development. For Chin, this question means that greater energy should lie in rehabilitating the existing housing stock rather than attacking zoning as being too prohibitive.⁴⁵ As the Executive Director of CCDC, Chin has great influence over the direction of the organization and its approach to Chinatown's building stock. As a veteran of the low-income housing movement, he also recognizes what Nash simply stated in the debate between rehabilitation and redevelopment:

“An experienced investor will usually consider rehabilitating existing structures to meet housing demands, unless the cost of existing structures can be readily absorbed either by urban redevelopment or the promise of high profits from new construction.”⁴⁶

Reviewing Chinatown's properties leads to few developable sites under current zoning. According to the 2004 “San Francisco Housing Element” produced by the San Francisco Planning Department, the Northeast Sector (which includes Chinatown, North Beach, Nob Hill, Russian Hill, and portions of the waterfront) only accounted for 124 undeveloped parcels and 15 “soft sites,”⁴⁷ which amounted to a total of 19.21 acres and 1779 potential new units.⁴⁸ This was the smallest amount of undeveloped and soft sites for any neighborhood citywide. In Chinatown, this meant 7 undeveloped sites measuring 0.71 acres with an estimated potential for 90 units, and 2 soft sites measuring 0.47 acres for an additional 77 units. 167 units of new housing may seem marginal in the larger housing development market, though any incremental increase could have positive net value to Chinatown. Shy of advocating for rezoning, the Housing Element calculates the possibility of greater development in Chinatown and South of Market stating that “with higher densities allowed, in these areas, in-fill development could accommodate at least an additional 1,000 more units.”⁴⁹

⁴⁵ Interview with Gordon Chin by Bryant Tan on July 30, 2007.

⁴⁶ Nash, 132-3.

⁴⁷ “Soft sites” are defined as parcels that exceed 5% of potential development but were considered reasonable candidates for redevelopment because they are older, obsolete buildings, unsafe buildings, and buildings that significantly underutilize the site.

⁴⁸ “San Francisco Housing Element,” 87.

⁴⁹ Ibid., 94.

The following page lists a graphic map of development opportunities in Chinatown, informed through GIS analysis and gathered through opinions from interview subjects. Chin lists a handful of sites that may have redevelopment potential because of their limited use. Among them are 949 Stockton (which is planned to be the site of a new subway station), 828 Stockton, 1201 Stockton (whose owners were once considering redevelopment), 772 Pacific (New Asia Restaurant), and 425 Broadway (a parking lot). He envisions that new development/redevelopment can occur only on Broadway and Stockton because of the historic quality of other parts of the neighborhood, including Grant Avenue and the east-west streets.

After closer investigation, however, there are 86 unique parcels in and around Chinatown that are either vacant land (namely parking lots), have no or few residential units where redevelopment would not cause large quantities of displacement, or are underutilized parcels with lot sizes that could have greater capacity for development. While it is not suggested that all these parcels should demolish and rebuild to their full legal limit, it does illustrate that even a densely populated and built-out neighborhood like Chinatown have opportunities for further growth. It is crucial, then, to examine the zoning parameters for development to see the feasibility for redevelopment, which I provide in the next chapter.

Another potential opportunity for increasing density and the number of housing units lies within the Ping Yuen Housing Projects run by the San Francisco Housing Authority. The four buildings' 428 units are sizeable parts of the housing supply in Chinatown whose land area amounts to over four acres of land that can potentially be redeveloped. Zoning Administrator Larry Badiner said that Ping Yuen might be the least complicated to acquire and that greater densities could be committed.⁵⁰ Olson Lee agrees with Badiner. He added that many of the current residents are over-housed, with one or two seniors residing in multi-bedroom apartments. Redevelopment would mean that the projects, which were originally designed to house families, could be redesigned and downsized to fit the needs of the current elderly population.⁵¹ The project also has open space that can serve as potential infill opportunities, though open space is sorely needed in this congested community.

⁵⁰ Interview with Larry Badiner by Bryant Tan on April 29, 2008.

⁵¹ Interview with Lee.



The Mayor's Office of Community Development and CCDC are currently examining the prospect of redeveloping Ping Yuen and are developing preliminary plans for a master planning process. Through Hope VI and San Francisco's Hope SF programs, the Housing Authority and affordable housing developers have partnered to successfully redevelop several projects including the North Beach Place, which opened in 2004, and Valencia Gardens that opened in 2007. The lessons learned from these projects have given the city the sophistication and experience to address contentious issues involved with redevelopment like relocation of residents and financing. North Beach Place, in Chinatown's neighboring North Beach, was a 341-unit development that replaced 229 public housing units and added 138 replacement-housing units, 119 project-based Section 8 units, tax-credit apartments, and a Trader Joe's grocery store, all costing \$108 million to develop.⁵² Valencia Gardens, located in the Mission District, replaced 246 dilapidated units with 260 one- to four-bedroom units on 5-acres and cost \$66 million to develop.⁵³ While this avenue appears promising, obstacles still lie with this particular strategy. Ping Yuen is among San Francisco's better-maintained public-housing projects and falls low on lists of Hope VI projects slated for redevelopment.⁵⁴ Badiner also noted that the buildings might also fall under historic protections, which hinder the ability for any redevelopment plans.⁵⁵

Absent re-zoning, the status quo will continue to see the aging infrastructure deteriorate. In a contested development environment like San Francisco, the question of zoning sets the parameters for developers, property owners, and the public to understand what the limits are for development dreams. If we wish to dream big for Chinatown – maintain affordability for the lowest-income people, improve the quality of housing, and even increase the number of units within the neighborhood – we must rethink the decisions of the past and customize it for people's needs today. The formidable challenge of equitable development for low-

⁵² Kimura, Donna, "Grand Ideas Realized at North Beach Place," *Affordable Housing Finance* website, http://www.housingfinance.com/ahf/articles/2005/august/014_AHF_12-3.htm.

⁵³ Knight, Heather, "Infamous projects built and reborn," *San Francisco Chronicle*, November 20, 2006, and Mission Housing Development Corporation website, "Mission Housing – Valencia Gardens," <http://www.missionhousing.org/projsite-valenciagardens.html>.

⁵⁴ Hunters View, Potrero Hill Annex and Terrace, Sunnyside, Westbrook Apartments, Hunters Point, Westside Courts, and Alice Griffith are at the top of San Francisco Housing Authority's list of most distressed public housing. San Francisco Housing Authority, "Hope SF: Rebuilding Public Housing and Restoring Opportunities for Residents," <http://www.sfgov.org/site/uploadedfiles/moh/SFHOPEReport.pdf>.

⁵⁵ Interview with Larry Badiner by Bryant Tan on April 29, 2008.

income neighborhoods isn't the focus of this thesis, but is core to dreaming big for Chinatown. The remainder of this thesis evaluates the current zoning that governs land use in Chinatown and explores the many types of regulatory and economic incentives available in the affordable housing development marketplace. Through understanding these tools and mechanisms used in the field, the community and community developers can take the necessary steps to attain these big dreams. Analyzing the regulatory strategies for affordable housing can lead to discovering loopholes, prescribing appropriate tools, and ultimately crafting new policies that can turn the heat up frozen development in Chinatown and neighborhoods like it.

Chapter 4: Chinatown Land Use Regulation

John Rahaim, San Francisco's new Planning Director, has called zoning a "blunt tool" to regulating development.⁵⁶ While certain types of zoning can be more general, zoning codes provide the parameters in which the built environment and housing is created. Furthermore, as former Planning Director at Asian Neighborhood Design, Peter Cohen said, zoning doesn't have to be so crude and can be more refined to create long-term stability and control careful sensitive neighborhood growth.⁵⁷ Modern zoning innovations such as inclusionary zoning have made zoning more than just about the separation of uses, but rather a method to capture the values of a community through land use and built form.

Every jurisdiction has its own set of zoning regulations leading to some being more prescriptive than others. Each jurisdiction also has its own nuanced way of zoning enforcement. Clearance of projects that do not meet zoning codes to the word often pass, though variances are allowed such as in the case of San Francisco's planning code that will approve variances based on hardships or extenuating circumstances.

"If land use regulation simply involved the application of immutable, quantitative standards, it would offer no opportunity for deal making. In practice, however, the availability of variances, special permits, and rezonings have essentially made the approval process one of negotiation."⁵⁸

This idea of a negotiated approval process will be revisited further in Chapter 5, where I argue that an overt and structured negotiation process grounded in community-oriented development principles can encourage development when developers know that zoning enforcement is elastic.

⁵⁶ Speech and discussion by John Rahaim at "A New Generation of Housing Leaders" hosted by SF Housing Action Coalition held on March 18, 2008.

⁵⁷ Interview with Peter Cohen by Bryant Tan on April 8, 2008.

⁵⁸ Wheeler, Michael, Resolving local regulatory disputes and building consensus for affordable housing, MIT Housing Policy Project (Cambridge, MA: M.I.T. Center for Real Estate Development, 1988), 11.

Chinatown and Downtown Zoning Background

The notion of specific neighborhood/community zoning and planning was fairly progressive in the mid-1980s when the Chinatown community organized to rezone. Recognizing the importance of the regulatory environment in permitting or disallowing particular types of development, the rezoning was key in maintaining Chinatown's unique character and role in San Francisco. From the city's standpoint, the preservation of Chinatown was important to maintain the historic neighborhood from commercial office development forces in the financial district. The community was able to rally behind a united protection of the neighborhood in a way that Dolores Hayden describes in *Redesigning the American Dream*.

“When people of color, as owners and renters, are more committed to certain neighborhoods, they are a potential constituency for projects that play down the role of the owner-speculator in favor of greater neighborhood improvements available to the community. They also form a potential constituency to combat gentrification.”⁵⁹

Instead of the march north up Kearny Street, planners orchestrated a plan that then shifted commercial office development south of Market Street. The Downtown Plan enacted in 1985 downzoned heights and densities north of Market, a groundbreaking move for its time that gathered national headlines. The plan incentivized development of the South of Market neighborhood, which was a neighborhood largely comprised of residential hotels and light industry and were considered blighted for their time. The plan is still being realized with over 26 new developments built in the last 10 years, largely upscale residential towers that are redefining the city's skyline.⁶⁰ Part of the plan was to build a Convention Center, Yerba Buena Park and Gardens, and a cultural arts district that today includes the San Francisco Museum of Modern Art and the Museum of African Diaspora, which are all important anchors for the neighborhood.

While the city wished to maximize the potential property tax base of the redeveloped neighborhood, housing activists were also concerned about the low-income residents that

⁵⁹ Hayden, Dolores, *Redesigning the American dream :the future of housing, work, and family*, New York : W.W. Norton, 2002, 204.

⁶⁰ Temple, James, “Shifting demographic hint at SoMa's future,” *San Francisco Chronicle*, 3/9/2008.

were and would be displaced by the plan. These concerns have created some of the more innovative modern affordable housing developments in the country that are spearheaded and supported by a progressive activist supervisor on the city's board, a progressive board of supervisors, and vigilant community groups. The neighborhood has advanced a wide range of tools that will be described in more detail in Chapter 5 such as inclusionary and incentive zoning, establishment of an affordable housing development fund, and negotiations with developers over linkages, developer fees, and community benefits.

The Downtown Plan's sister was zoning changes that protected neighborhoods surrounding downtown including North Beach, Telegraph Hill, the Tenderloin, and Chinatown which were incorporated into the city's General Plan. In effect, the city protected those neighborhoods while making the South of Market the prime target for redevelopment.⁶¹ While the city will credit Dean Macris and the city's Planning Department from having visionary foresight about down-zoning downtown, it was really residents and community based organizations within the city that cried out against the "Manhattanization" of San Francisco. Until the Downtown Plan, there were only three other plans that enabled the high-rise development: 1968 downtown zoning study; Planning Director Allan Jacob's 1971 urban design plan, and the 1972 establishment of height-limit districts.

Agreeing with the arguments of preservationists and neighborhood activists, San Francisco voters narrowly passed Proposition M in 1986 after several other close, but failed, attempts beginning in 1971. Prop M was a stringent growth-control ordinance that limited commercial office development to 475,000 square feet per year until 1998 when the cap would double. The rapid high-rise development of the 1970s and 80s worried people that the city would turn into a city of skyscrapers rather than charming low-rise neighborhoods with close-knit fabric of people. Fabled San Francisco Chronicle columnist Herb Caen wrote, "The vertical earthquake of the 1970s and 1980s destroyed what was left of a tradition and covered it with a new city that bears no resemblance to what had gone before. The piledrivers were singing the song of the big buck."⁶² To San Franciscans at that time, high-

⁶¹ It is interesting to note that the South of Market is part of a larger Eastern Neighborhoods Master Plan that is currently underway, and neighborhood groups have looked at places like Chinatown for guidance about how to rezone and preserve residential affordability.

⁶² Caen, Herb, *Herb Cain's San Francisco: 1976-1991*, 120-2.

rises meant greater corporate control over the city, displacement of residents and mixed-use neighborhoods, and the loss of affordable housing.

At the same time, Chinatown's property owners also began speculating about the profits they could make by building high-rises. The real estate market hot, and enterprising Chinese saw it as a way to make money and move out of the neighborhood for greener pastures.

“Once the new immigrants had settled into American life the desire to put their earnings into real property often outweighed the desire to live in a semi-Asian environment, specially since that environment had such old and inadequate services and presented such poor living conditions.... Associations which owned about half of the properties in Chinatown found it increasingly more difficult to stay out of the development for profit game.... Under these conditions even the old associations of Chinatown had seriously to consider tearing down their old properties to make way for larger buildings that would bring in more money for the association and its membership.”⁶³

According to Lois Scott of San Francisco Planning Department who helped to author the Chinatown zoning, the three main groups in Chinatown who organized around these issues were the Chinese Consolidated Benevolent Association (Six Companies), the Chinese Chamber of Commerce, and Chinese Resource Center (renamed Chinatown Community Development Center in 1997). Scott said that there was uniform concern about preserving housing affordability and maintaining the historic character of the neighborhood, which meant keeping Chinatown as a place for immigrant Chinese.

Gordon Chin recognized that Chinatown zoning in 1986 was more about urban design and housing than a comprehensive master plan for the neighborhood. Because of segregated land uses citywide, people did not conceptualize of high-rise residential towers and were worried that neighborhoods throughout the city would contest the same type of battle that was waged in Chinatown: office developers accumulating huge parcels and replacing residential or mixed-use neighborhoods. Chinatown was particularly prone because of real estate speculation by foreign investors from Hong Kong, its proximity to the rapidly

⁶³ Yip, 368-9.

expanding financial district, and its relatively politically disengaged immigrant residential base.

Chinatown Mixed-Use District Zoning

The Chinatown Element of the City's General Plan as written by Scott and the Planning Department took the "best of each of the proposed plans."⁶⁴ The plan was sensitive to the multiple roles that Chinatown played and sought to preserve those qualities of the neighborhood. As such, the plan established 3 different zoning districts in Chinatown: the Chinatown Neighborhood Residential Commercial, Chinatown Community Business, and Chinatown Visitor Retail. While each has specific purposes and regulations, the overall message was to keep buildings low-rise and affordable.

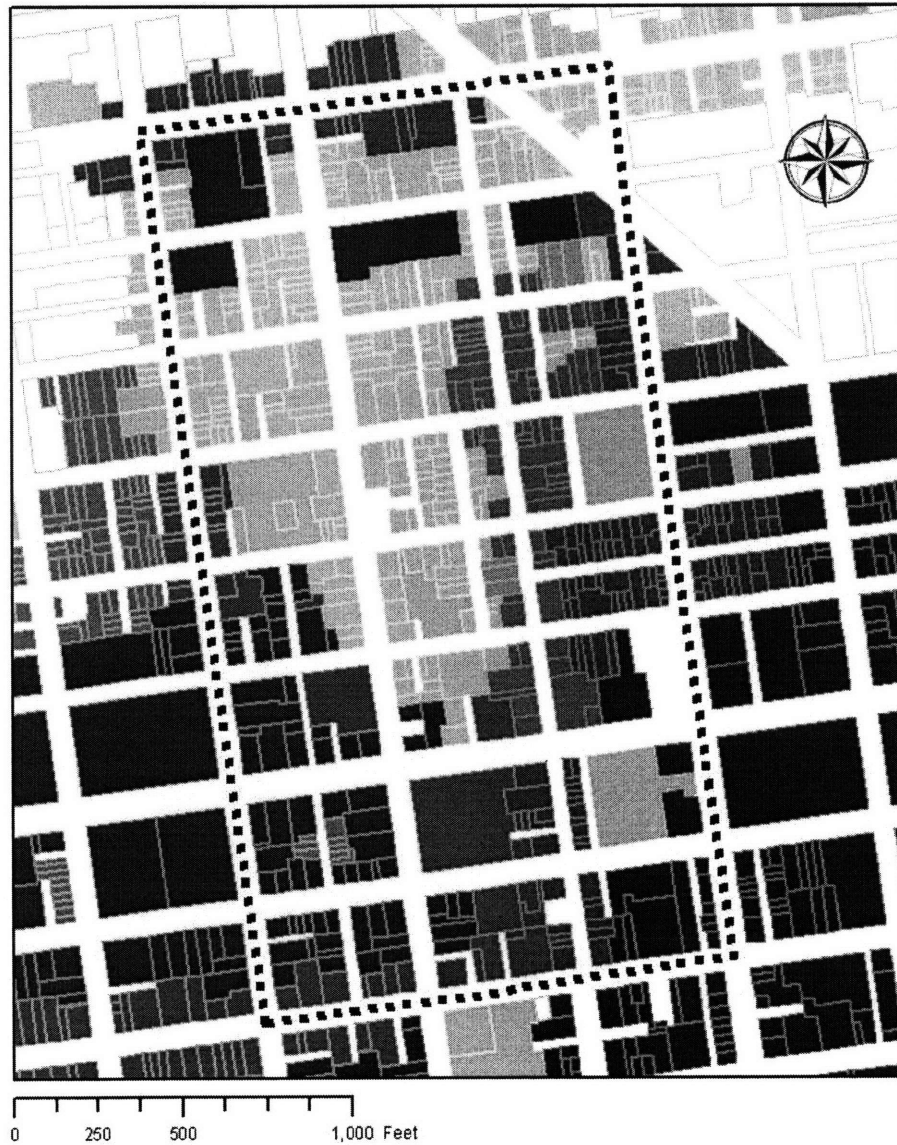
District specific zoning speaks to the different parts of Chinatown that address different needs. Chinatown is commonly known to serve both neighborhood residents and tourists. The existing zoning coincides with these general populations: Stockton and Powell being primarily used by neighborhood residents Grant primarily as a tourist street, and buffer streets on the edges of Chinatown. Scott, Macris, and the Planning Department ultimately had to receive the buy-in from all the Chinatown stakeholders and the zoning received endorsement from all parties. The next pages provide an area zoning map, as well as matrices for Chinatown zoning, and visualizations for development capacity.

⁶⁴ Interview with Lois Scott by Bryant Tan on April 24, 2008.

Chinatown Mixed Use District Zoning		
Topic	Regulation	Exceptions
Height	Over 35 feet must be permitted upon approval of conditional use by Planning Commission	For 50 and 65 foot districts, corner lots allowed additional 8 feet for decorative pavilion/sculpture/pagoda Cannot shade Chinese Playground from 10-4pm, 3/21 to 9/21
Density	At least one dwelling unit per 200 square feet of lot area	Mezzanine commercial space and institutional use not included in FAR
Open Space	Commercial and institutional: 1 square foot for every 50 square foot for use over 10,000 square feet floor area and open to public Residential: 48 square feet per dwelling unit	Can improve alleyway if open space is too small: \$1.50 per gross square foot floor area to Chinatown Open Space Fund
Lot Frontage	50 foot limit	Must appear like independent buildings over 50 feet with façade surfaces broken every 30 feet
Site coverage	No more than 75% coverage. 25% of lot depth at first level of residential use which can consist of balconies.	
Setback	15 feet at varying heights depending on height district: Grant: 35' (50 ft height district) Stockton: 51' (65) Kearny: 40' (50), 52' (65) Vallejo: 51' (65) Broadway: 54' (65) Pacific/Washington/Clay/Sacramento: 47' (65)	

Chinatown District Specific Zoning				
District	Height	Bulk/FAR	Parking	Commercial Use
Chinatown Residential Neighborhood Commercial	50 feet and 65 feet (see zoning map) with 20 foot height bonus if: * 25% moderate income families, * or 10% low income, * or use is medical/social service for low-income	FAR: 1.0 * waived if receive Community Development Block Grant funds * hospitals and medical uses allowed 4.8 FAR	.25 space per dwelling unit	2500 sf size limit, 4000 sf max conditional
Chinatown Community Business	Same as above	FAR: 2.8	.25 space per dwelling unit for retail above 20,000sf, 1 space per 500 sf	5000 sf size limit, no max conditional
Chinatown Visitor Retail	50 feet	FAR: 2.0	.25 space per dwelling unit	2500 sf size limit, 5000 sf max conditional

Chinatown Zoning Map



Legend

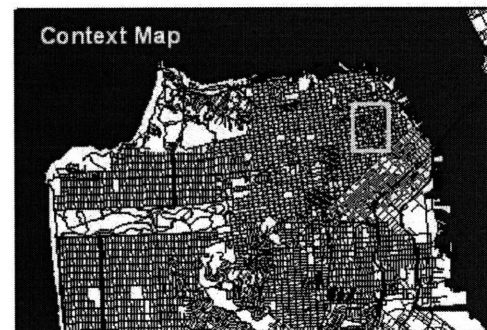
Zoning Districts

Chinatown Mixed-Use District

- Chinatown Commercial Business (CCB)
- Chinatown Residential Neighborhood Commercial (CRNC)
- Chinatown Visitor Retail (CVR)
- CRNC/CVR

- Broadway Neighborhood Commercial
- Downtown Commercial General (C-3-G)
- Downtown Commercial Office (C-3-O)
- Downtown Commercial Retail (C-3-R)
- Public (School, Park)
- Residential Commercial Combined High Density (RC-4)
- Residential Mixed Medium Density (RM-3)
- Residential Mixed High Density (RM-4)
- RM-4/CR-NC
- Other
- Chinatown Planning Area

Context Map



Visualizations

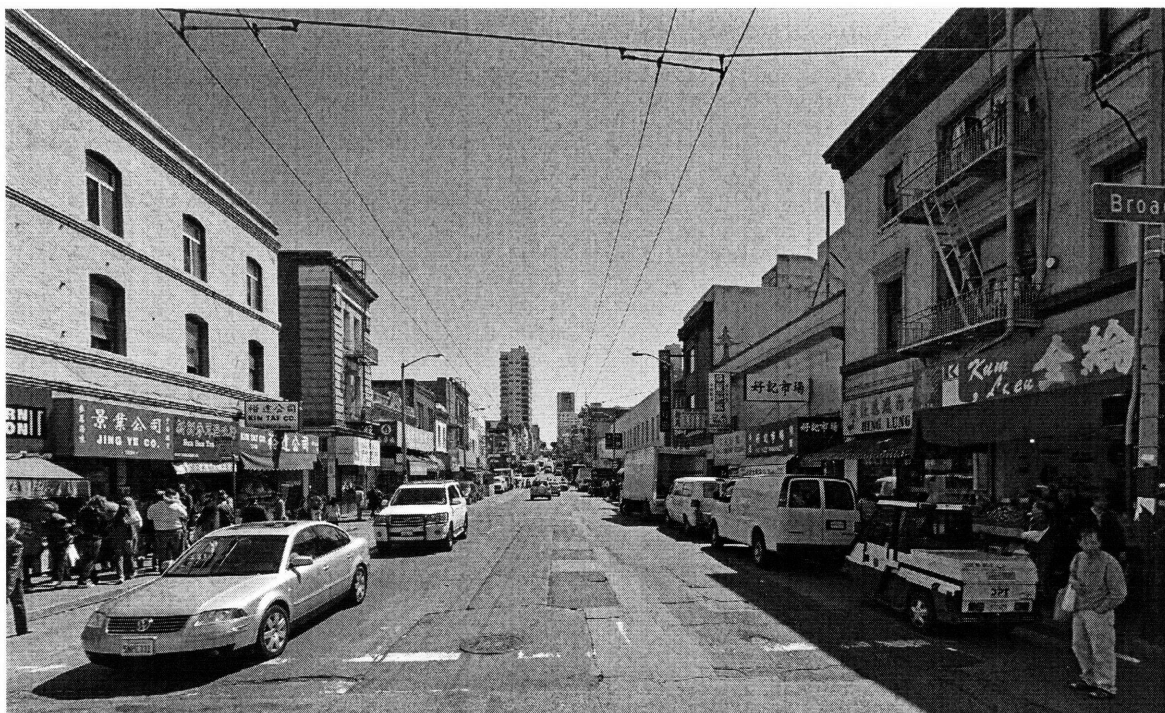


Facing the north side of the 600-block of Broadway Street.
Below: Current view. Above: Infill at maximum allowed height for underutilized sites.





Facing the south on the 1200-block of Stockton Street.
Below: Current view. Above: Infill at maximum allowed height for underutilized sites and widened sidewalks.



Zoning Analysis

It is clear that the zoning attempts to maintain the low-rise character of the neighborhood, forcing all developments over 35 feet in height to receive a conditional use from the Planning Commission and by limited most development to 50-65 feet. One of the interesting regulations is the limiting factor of the Floor Area Ratio requirement. For the Chinatown Neighborhood Residential Commercial

(CNRC) district, the FAR is limited to 1.0, which means that the total floor area of the building cannot be more than the total area of the parcel. The naked eye can see that buildings in this district, which governs most of Stockton and Broadway streets, are most 2-3 stories tall, which would imply that the buildings should have sizable backyards given the 1.0 FAR. The map on the right shows the orthogonal photo of a portion of Chinatown that illustrates how dense compaction of the neighborhood. FAR 1.0 is shaded in yellow, and most of these



buildings are multiple stories tall. How is this 1.0 FAR? Even with height limits anywhere from 50-85 feet, an FAR of 1.0 means that it is set too low or that there is not enough land to meet even build a modest building. If major earthquake were to destroy the structural integrity of the buildings, rebuilding Chinatown will produce a neighborhood radically less dense than it's current form.

Chin believes there should have been more emphasis on and provisions for affordable housing rather than being primarily about urban design issues such as density and height. The Chinatown Element, however, states a general policy to increase the supply of housing in the neighborhood. Policy 3.2 states:

“New zoning controls in Chinatown should insure that a substantial part of new buildings will consist of housing. In selected areas of Chinatown, height

incentives related to provision of affordable housing should be provided. New residential development should be linked to new commercial development. While market rate housing may have standard parking requirements, other forms of housing in Chinatown may not need as much parking.”⁶⁵

Policies like this along with three neighborhood-specific zoning districts essentially serve as the master plan for the neighborhood through the city’s General Plan. The Chinatown Element largely addresses the neighborhood’s physical character such as heights, and the only other city-approved planning effort was a Chinatown Alleyways Master Plan adopted in 1997, which addresses the improvement of the neighborhood’s 31 alleys. To date, there has been no review or planning for housing in Chinatown since the 1986 zoning. Adam Light, the Planning Department’s Northeast Team leader wrote in an e-mail correspondence to CCDC:

“It may be a good time to revisit the Chinatown plan to see if it needs updating.... Revising proposed projects is something that can be done through the regular current planning review process with input from the community. Revising the plan, however, is much more involved, and would require the dedication of Department resources. I understand that there are a number of community planning projects underway through our long-range/policy unit, with more waiting in the queue. Setting up a community planning effort to revise the existing Chinatown plan would start with contacting the Director of Planning...and also speaking with your district supervisor...to ensure that there is funding and a clear priority direction for such an effort.”⁶⁶

After the passage of Chinatown zoning, there has been no development in the neighborhood core despite statements in the Chinatown Element that anticipate new developments. Despite the clear obstacle of meeting the FAR limit for new development, which would downsize Chinatown’s existing buildings, a question remains whether zoning is the greatest barrier in Chinatown to housing development. Some community members are quick to point at the zoning as being too restrictive, like pro-growth property owner Pius Lee of the Chinatown Economic Development Group. They do not see 65-85 feet as

⁶⁵ “San Francisco Chinatown Area Plan.”

⁶⁶ E-mail correspondence from Adam Light to Cindy Wu on September 9, 2007.

enough height to build an economically feasible project and according to Chin often speak publicly about the need to rezone for greater heights.⁶⁷

Many have also cited requirements such as parking and open space as barriers to development. Chinatown's parking requirement calls for only one space for every four units, which is less than for most other parts of the city which require one space for every housing unit. Given the limited land in the neighborhood as well as its proximity to public transportation, it is likely an easy sell to waive this already low parking requirement.

Parking requirements, shadow impacts, height and density limits – all are barriers to development that even the most creative architects and developers must overcome in order to build in Chinatown. After reviewing the zoning, however, I am not convinced the restrictions are the only thing preventing greater development in Chinatown which lead me to explore I explore other obstacles that prevent affordable housing development.

⁶⁷ Interview with Chin.

Chapter 5: Affordable Housing Development in San Francisco

San Francisco's housing market is widely known as one of the strongest in the country. Median home prices hover around \$825,000⁶⁸ in the fourth quarter of 2007 and average rents are on the rise every month. Even under the current real estate crisis facing our nation, San Francisco seems immune. Repeated declarations of the city's livability, walkability, and beauty, continues to drive high demand to live within the city's 47 square miles. A family of four earning 120% of AMI would fall \$426,843 short of the median 3-bedroom home which was \$849,750 in 2006. While the current housing stock is in high demand and short supply, the city is in a rush to build housing to meet the city's housing needs – particularly affordable housing which is increasingly difficult to come by. With market-rates out of reach for even middle-income people, the biggest gains in affordable housing units have been through projects locked in by government funding as well as inclusionary below-market rate units developed by private developers.

Building in San Francisco, however, comes at a relatively high price because of San Francisco's intense regulation of development. In order to build in San Francisco, developers have to meet various requirements, pay developer fees, and jump through political hoops that pro-growth forces claim to slow or halt the amount development that could be occurring in the city. Whether or not this claim holds true, 10,317 new units of housing were built in San Francisco from 2002-2006, and an additional 40,4000 housing units are in the residential pipeline (6,800 units under construction) as of the end of 2007.⁶⁹

Of these, only one is in Chinatown whose permit has not yet been approved to develop a mixed-use commercial and residential property with 18 units.⁷⁰ More than half of all the housing units in the pipeline are in the Bayview/Hunter's Point, Rincon Hill, and Mid-Market neighborhoods where the city has focused much of its planning and redevelopment work in the past decade. Johnny Jaramillo, a Planner with the city's Planning Department,

⁶⁸ National Association of Realtors, "Median Home Prices Rise in Most Metros," November 20, 2007, http://www.realtor.org/press_room/news_releases/2007/mhp_20073q_median_home_prices_rise.

⁶⁹ San Francisco Pipeline Report, Quarter 4, March 2008, 2.

⁷⁰ Ibid., 28.

attributed this to the fact that most of the planning energy in the city is current focused in these neighborhoods through the “Eastern Neighborhoods Plan” which covers almost a third of the city’s current land area.⁷¹ These neighborhoods are largely formerly industrial lands where housing and mixed uses are now encouraged, and are expected to take on a majority of the city’s growth.

Housing Production in San Francisco 2002-2006								
Year	Extremely Low (30%)	Very Low (50%)	Lower (60%)	Low (80%)	Moderate (120%)	Total Affordable Units	Total New Units	% of All New Units
2006	260	56	5	12	158	491	1675	29%
2005	66	387	236	0	110	799	1872	43%
2004	254	129	2	0	163	548	1780	31%
2003	36	114	61	33	115	359	2730	13%
2002	378	333	81	0	50	842	2260	37%
Total	994	1019	384	45	596	3039	10317	29%

Source: SF Mayor’s of Housing

San Francisco’s inclusionary zoning policy created 736 units of housing in San Francisco from 2002-2006, which is an annual average of 142 units. Of the total 4505 affordable units built from 1996-2006 in San Francisco, 52% were affordable family units, while 15% were affordable senior units, 17% were supportive housing, and 16% were for home ownership.

Recent Development in and around Chinatown

According to a 2008 study by Asian Neighborhood Design (AND), only 2 affordable housing developments have been built in Chinatown from 1970-2000 and only accounted for 43 rental units.⁷² Not included in the AND study is the most recent housing development in Chinatown has been the International Hotel (I-Hotel) Senior Housing which opened its doors in 2003.⁷³ While at the edge of Chinatown, the new 15-story I-Hotel was

⁷¹ Interview with Johnny Jaramillo by Bryant Tan on March 27, 2008.

⁷² Asian Neighborhood Design, “San Francisco Affordable Housing: A Historical Analysis Mapping Project,” January 2008.

⁷³ The current I-Hotel is the reincarnation of a former residential hotel that stood the same site and is remembered for being the site of one of largest organized demonstrations against low-income evictions. The I-Hotel evictions on April 22, 1977 were forced displacement of immigrant Filipino and Chinese seniors in order for the former property owner to erect a garage to serve workers from abutting downtown offices. Much like Boston’s Tent City, thousands of community activists organized to stop the evictions and rallied to maintain

able to create 105 affordable studio and one-bedroom units for seniors under 50% AMI, a community gallery, and community meeting space and stands as a symbol for community control over community land.

Another recent development stands directly across the street from the I-Hotel, a four-story office building built in 1993 which contains no housing. The Department of Building Inspection condemned the building after the 1989 Loma Prieta earthquake and it needed to be rebuilt. Because the site fell under Chinatown Community Business zoning and faces Kearny Street, there was no housing requirement for the site though CCDC advocated for the property to include housing. The property owner, Hung On Tong family association, only wanted to build office space and wanted to build a 60-foot building, which meant they needed to receive a conditional use permit. The permit was granted under the Chinatown zoning because the building would allow for community use of the site, which is now occupied by Self Help for the Elderly. While containing no housing, this project is an example of the zoning at work – and to the advantage of the community because of the conditional use requirement set by zoning for development above 35 feet. While not particularly incentivized by zoning, the earthquake forced property owners to either hold onto vacant land or to develop – and in this case, they developed.

Pro-development advocates characterize development in San Francisco as if it was an impossible task and as if no projects were moving through to be constructed. With all the planned development listed in the development pipeline, however, it leads to question how difficult the general development environment is in San Francisco. Groups like the San Francisco Housing Action Coalition, comprised largely of for-profit developers and architects, argue that regulations are overly prescriptive, yet affordable housing advocates will credit the regulations for making San Francisco the desirable place it is. In fact, some have credited regulations such as inclusionary and incentive zoning as stimulating housing development. Is the regulatory environment really prohibiting development, even in a city

the housing and the I-Hotel is commonly referred to as the catalyst for the modern community development movement in San Francisco. Their protest could not stop the evictions, and the site lay as an empty hole in the ground for over two decades until Chinatown Community Development Center acquired the site to develop a 15-story senior housing development.

like San Francisco where regulations are high? Larry Badiner blames more than regulations themselves:

“There is very little certainty unlike everywhere else in California where if I meet the code, planning will approve my permit. We’ve got the residential design guidelines, discretionary review, and the Board of Supervisors who all add to uncertainty. Uncertainty drives costs up.”⁷⁴

Similarly, Teresa Yanga of the Mayor’s Office of Housing also speaks to development costs and cites economics as the biggest barrier for development in San Francisco.

“A lot of market rate projects have stalled and are just on hold because if they aren’t financially feasible, they won’t pursue. If it’s cost prohibitive, it’s unwise to use public funds. There’s times its regulatory, but unfortunately it comes down to money.”⁷⁵

If politics and economics trump policy and the permitting process in San Francisco, it reveals the relative constraints of the land use regulation. The existing policies around regulation around housing development, however, are building blocks for refining the more complex issue of land use regulation in Chinatown. The following is a look at goals set for housing needs with an emphasis on affordable housing, the specific policies enacted in San Francisco to promote affordable housing development, and a qualitative overview of the costs associated with affordable housing development.

The Housing Element

California General Plan law requires all regional and local governments to develop General Plan which includes a “Housing Element” that must be certified by the state Department of Housing and Community Development. The Housing Element must include projections for housing needs that are subdivided into projected housing needs for all income levels. This provision, while based on estimates on population growth, offer the public and officials to measure how well a locality is meeting its housing development needs. A problem remains, however, in the relative influence of Housing Elements because creating these documents do

⁷⁴ Interview with Badiner.

⁷⁵ Interview with Teresa Yanga by Bryant Tan on March 6, 2008.

not guarantee that affordable housing will be built.

San Francisco recently revised its Housing Element in 2004, which was previously updated in 1990. The Housing Element includes clear targets for development of affordable housing as listed in the chart below, and while having no power of enforcement, offers perspective on the relative state of housing development. In addition to setting targets, the Planning Department has produced an annual “Housing Inventory” since 1968, which lists annual additions to the city’s housing stock with comprehensive breakdowns by income level, neighborhood, and housing type.

Policy Obstacles

Several policies were often cited when I asked interview subjects about potential barriers to development. Two that have repeated come up as barriers to housing development are:

- *SRO Ordinance (1981)*: Chapter 41 of the Administrative Code says that any residential conversion or demolition will only be approved with a one-for-one replacement or payment into residential hotel development fund that will go to one-to-one replacement. This has effectively maintained the city’s stock of residential hotels and has been modeled for other cities like San Diego to protect SROs that are viewed as the most affordable type of housing available.
- *Shadow Ordinance (1984)*: This disallows any development that will cast significant shadows on public parks and open space beyond an hour after sunrise and before sunset. The ordinance began specifically to protect Chinatown’s open spaces and Chinese playground, but later became a citywide policy. One of the more unpopular ordinances effecting development, it has kept many buildings low-rise because greater height and bulk causes greater shadowing.

Financial and Economic Barriers

Financial sources and sources of capital: Affordable housing finance is a tricky and complicated game of subsidies, grants, loans, and private equity. Where cities had once relied heavily on federal dollars to support affordable housing development, the federal government's urban investment has dwindled over the past 30 years, and financing for affordable housing has sharply diminished over the past two decades. Between 1976 and 2004 the US Department of Housing and Urban Development (HUD)'s annual budget declined some 60%, from \$86.8 billion in '76 to \$34.7 billion in 2004, in constant 2004 dollars. HUD's budget was 7% of the federal budget in 1976 and only 2% of the federal budget in 2004. Based upon Office of Management and Budget documents, HUD's budget between 2004 and 2009 will further decrease by 8% in constant dollars.⁷⁶ Furthermore funding for programs aimed at assisting the local development of new housing affordable to lower income Americans made up 36% of HUD's budget in 1976, but declined to only 8% of HUD's budget in 2004 and is expected to be 7% of HUD's budget in 2009.⁷⁷ In real numbers, this has meant that in 2002, HUD only funded the construction of 7,600 new affordable units nationwide versus in 1976 when they funded the construction of 203,000 new affordable units.

Furthermore, limited private equity and credit goes into low-income neighborhoods. The federal government's Community Reinvestment Act attempts to counter the avoidance by financial institutions to invest in low- and moderate-income neighborhoods in the form of small business loans, community development loans, affordable housing loans, and home mortgages. The CRA, and credits given to banks that implement the mandates, is a promising strategy for neighborhoods like Chinatown. Sternlieb puts it best in writing:

"The availability of institutional financing is one of the major determinants of the health and vitality of the real estate market. If the banks, savings and loan companies, insurance companies, and the like are willing to lend in an area, then owners can have confidence that their investments in properties are redeemable through ultimate resale or remortgaging. Without this assurance, landlords become locked-in; they know that capital improvements and investment will add little to the ultimate value of their properties...."⁷⁸

⁷⁶ The National Low Income Housing Coalition, "Changing Priorities The Federal Budget and Housing Assistance 1975 to 2005," <http://www.nlihc.org/doc/cp04.pdf>.

⁷⁷ Ibid., 10.

⁷⁸ Sternlieb, George, *Residential Abandonment: The Tenement Landlord Revisited*, (New Brunswick, N.J., Center for Urban Policy Research, Rutgers University, 1973), 237.

The lack of private financing and the alarming decline of federal funding has caused for affordable housing developers and local authorities to look for ways to provide the subsidies needed to get developments going. In San Francisco, it has meant several attempts at earmarking local tax revenue to go towards affordable housing development on top of other strategies such as grants, developer fees, tax increment financing, and tax credits. Slated for the November 2008 ballot is a “Housing Charter Amendment” that would set aside 2.5 cents for every local property tax dollar which would generate \$33 million to fund affordable housing annually for the next 15 years. If passed, the charter amendment would create a steady stream of financing locally in the face of decreasing federal funding.

“The problem in short, is not simply one of finding more efficient ways of reducing the costs of development disputes, but also of developing proactive mechanisms that will bring together local lenders, employers, regulators, and traditional housing advocates so that government subsidies can be stretched and packaged with local contributions of land, density increases, and even sweat.”⁷⁹

Construction Costs: About half of costs of developing housing will be in construction. Though construction costs will vary depending on the size and type of construction, the average cost per square foot for a housing development comes to about \$300 according to Whitney Jones, CCDC’s Director of Housing Development. This high cost of construction leading to the construction of new housing is a huge hurdle for many developers to overcome, particularly nonprofit affordable housing developers who depend on government subsidies to close the financial gap on development projects.

Comparison of Prevailing Hourly Wages⁸⁰			
Position	SF	LA	Difference
Bricklayer	\$53.80	\$47.46	13%
Carpetlayer	\$53.57	\$38.49	39%
Electrician	\$40.66	\$32.97	23%
Painter	\$51.07	\$37.28	37%
Plumber	\$73.34	\$50.22	46%
Roofer	\$42.47	\$37.42	14%
Sheet Metal Worker	\$61.80	\$52.06	19%
Tile Setter	\$47.96	\$42.57	13%

⁷⁹ Wheeler, 8.

⁸⁰ California Department of Industrial Relations, “General Prevailing Wage Determinations,” <http://www.dir.ca.gov/DLSR/PWD>.

At the scale of development that Chinatown can currently develop, economic factors must consider construction requirements such as materials. According to Jones, a building over 4 stories cannot be wood frame, but rather steel or concrete, which adds significantly to cost.⁸¹

Harry Wong, Architecture Director of Asian Neighborhood Design noted that recent code changes that went into effect in January 2008 allow for wood frame buildings now to be built up to 6 stories, which incentivizes smaller parcels to consider building taller structures.⁸² The impact of this code change has yet to be seen, but could potentially change the economics of construction decisions. Wong is cautious, however, about how much it will actually do because the cost savings of using wood may be balanced by other code requirements such as using fire-retardant materials on exteriors.

More than just the dollar amount associated with rehabilitation or redevelopment, Chinatown property owners also calculate opportunity costs. According to Chin, “A lot of developers or even owners who develop or think about developing are inhibited by just the fact that the construction process would cause them to lose what little retail income they have for a couple of years. And it’s really hard for people to accept that.”⁸³ While larger and experienced developers may be able to take on the financial risk and impact of a construction period, the cumulative costs are giant ones for inexperienced and individual property owners.

Labor Costs: If larger and more intense developments are allowed in Chinatown, the financing will likely require public subsidies. Given that the goal of greater development is to increasing affordable housing, public funds are a necessity to balancing any affordable housing development’s pro-forma. In order to access public funds, however, developers must hire unionized labor, which adds another barrier to development for smaller property owners. Contractors are also required to provide prevailing wages, which are among the highest in California, and are also required to meet the city’s strict hiring and contracting

⁸¹ Interview with Whitney Jones by Bryant Tan on March 19, 2008.

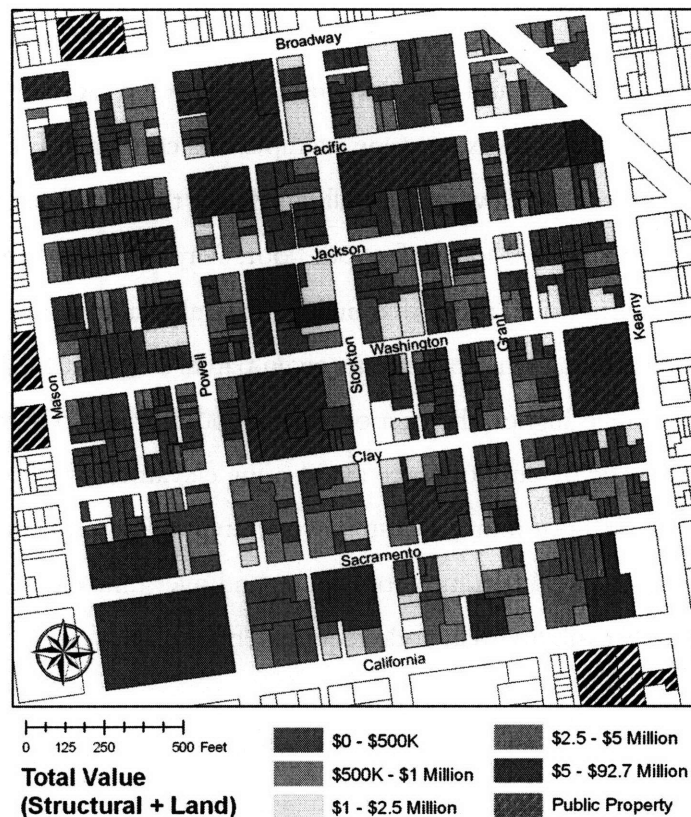
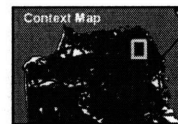
⁸² Interview with Harry Ja Wong by Bryant Tan on May 7, 2008.

⁸³ Interview with Gordon Chin by Bryant Tan on July 30, 2008.

practices that are governed by the city's Human Relations Commission. This challenge is tied to the fact that many Chinese property owners wish to hire Chinese contractors, most who are not unionized and do not offer prevailing wages to their laborers.

Land Costs: In Chinatown Mixed Use Districts from 1997-2001, there were only two transactions for vacant land that averaged \$79.41 per square foot⁸⁴, the second highest average in the city next to the Downtown Commercial District that averaged \$136.15 per square foot. CCDC has several properties in Chinatown, two that were recently acquired whose cost came out to be \$120,000 per unit (665 Clay⁸⁵) and \$214,000 per unit (1150

Property Values (2000)



⁸⁴ San Francisco Housing Element, 104.

⁸⁵ Acquired in May 2007, the building was in significant need of rehabilitation at time of purchase, which amounted to another \$60,000 per unit.

Grant⁸⁶). These high land costs illustrated in the map below.

The City of San Francisco attempts to aid the supply of land for affordable housing since 1992 through the “Surplus City Property Ordinance,” which transfers all underutilized and surplus city properties to housing development for homeless and people living at below 20% AMI, and also people living below 60% AMI. Two of these properties near Chinatown, which were once freeway overpass parcels, have been awarded to Chinatown CDC to develop affordable housing. The land was not donated, though the development rights and a below-market price were given to develop the parcels.

Codes: Many of the interview subjects listed contemporary building codes such as seismic standards, fire codes, and Americans with Disabilities Act requirements as further obstacles that are prohibiting redevelopment in Chinatown. Because most of the buildings are built at the turn of the 20th century, today’s codes would mean that if landlords were to rebuild, they would have to meet more codes, add more expense, and develop radically different developments than what currently exists. One example of a constraint is the American with Disabilities Act requirement for elevators in buildings taller than 3 stories, with the exception of buildings with fewer than 3000 square feet per floor. Wayne Hu explained that building higher than current heights would mean that buildings would have to install costly elevators that would service only a small amount of units given parcel sizes in Chinatown.⁸⁷ With small lot sizes and a need to build higher, the cost of today’s codes prove to be too high to bear. One commonly-used tactic by developers to avoid using elevators is to build accessible units on the first floor. Ground-floor units in Chinatown are typically used for commercial retail space, which makes this tactic difficult to apply here, and over time elderly residents will likely demand greater accessibility than code requirements.

Modern building codes have obviously evolved over the last 100 years since most of Chinatown’s buildings were built, and the city struggles to enforce codes and support the historic nature of many of the city’s buildings. One attempt to support code-enforcement

⁸⁶ The building was donated to CCDC by Wells Fargo Bank in November 2005, but appraised value came to be \$214,286 per unit.

⁸⁷ Interview with Wayne Hu by Bryant Tan on May 5, 2008.

has specifically been seismic improvements, recognizing the fragile state of old buildings and the knowledge that “the Big One” is due to arrive sometime in the next 30 years. Through a 1992 ordinance, the city required seismic retrofitting of unreinforced masonry buildings (UMBs) and voters passed a \$350 million bond to support low interest loans to implement the ordinance. The loan program proved unsuccessful because the loans offered came attached with conditions and restrictions that made them unpopular with property owners.

In a technological age that puts stress on old infrastructure, Chinatown’s residents are modernizing while the buildings are not and some are calling for loan programs like the city’s seismic loan to support greater rehabilitation. Dave Ho and Olsen Lee said that wiring and energy use are huge issues for Chinatown’s buildings.⁸⁸ Modern appliances like computers and cell phones are becoming increasingly a part of Chinatown households are often plugged into one electrical socket that cannot hold the capacity of energy that’s needed to power these devices. This results in both a fire hazard and frequent blackouts in buildings.

Maintenance of these deteriorating buildings may become too costly and have caused property owners to sell their buildings, or in some cases explore the possibility of redevelopment. Ultimately, meeting the Uniform Building Code is not an unusual barrier in to Chinatown, but is a barrier nonetheless.

Historic quality: Though not registered as a historic district, Chinatown could qualify as one thereby adding an additional burden on new development in the neighborhood. A National Register of Historic Places Inventory Nomination Form was completed for the Chinatown Historic District in 1979 and the district boundaries were refined in 1994. The Chinatown Historic District is listed on the California Register of Historic Resources with a status code rating of “3D,” which means the district is eligible to be in the National Register though not actually listed. What it does in effect, however, is build in considerations of historic quality in all environmental reviews for development proposals in Chinatown. The challenge of history may be enough to scare off any speculation for development, though it can be negotiated and worked around according to Teresa Yanga. “Typically we’ve found that if a building’s found historic we have to sustain the façade,” she said. “Planning ends up issuing a finding

⁸⁸ Interviews with Ho and Lee.

of significant overriding the historic importance considering the need for ah overrides historical significance.”⁸⁹

Neighborhood leaders originally considered this historic status in the 1970s and 80s as a way to protect Chinatown, but ultimately did not want to freeze all development in the neighborhood to become a effectively become a “living museum.” They were comfortable with the strength of the zoning measures, which they thought allowed for some room for new development. Other Chinatowns such as Seattle’s have registered their neighborhoods as historic districts, both as strategies to halt speculative development from annihilating Chinatowns and to preserve Chinatowns that were dying. For San Francisco, a still active and vibrant Chinatown, considering and protecting history will require differentiating between sites to absolutely protect and those that can make room for new developments. As a matter of design, it will also mean finding a balance between creating “Chinese-style” architecture and urban design that mimics qualities existing in the neighborhood and creating new forms that don’t appear overly generic and out of place.

Entitlements and Permitting Process

There appears to be common criticism by the development community about difficult entitlement and permitting processes, and San Francisco is no exception. The typical timeline for a medium-density, multifamily residential project (50-100 units) is about a year to 1-1/2 years from the initial conceptual project review with the Planning Department to commencement of construction, according to Planner Johnny Jaramillo.⁹⁰ If an Environmental Impact Report is required, it can take nine months to a year for all necessary studies and analyses to be conducted and the EIR heard before the Planning Commission. The developer then must prepare detailed building plans to be receive building permits from the Department of Building Inspection and the whole process can take from four to six months before building permits are issued.⁹¹ I do not compare how this compares to other cities’ entitlement and permit processes, but according to Larry Badiner:

⁸⁹ Interview with Yanga.

⁹⁰ Interview with Jaramillo.

⁹¹ San Francisco Housing Element, 111.

“What we hear a lot is that there are significant regulatory problems. There is very little certainty unlike everywhere else in California where if I meet the code, planning will approve my permit. We’ve got the residential design guidelines, discretionary review, the Board of Supervisors who all add to uncertainty. Uncertainty drives costs up.”⁹²

This uncertainty has turned some developers away from the city. According to Yanga, they choose to go jurisdictions that don’t prioritize affordable housing and allow for a relatively free-market for development, which San Francisco is not interested in.⁹³ As a city desirable not only for immigrants and new residents, the opportunity to develop remains competitive despite the regulatory hurdles in place. Yang says to aid developers that are like-minded with city policies around affordable housing and green development, the city will fast-track their projects to make the processes more efficient and smoother.⁹⁴

While technically this is true, Whitney Jones has felt that the process is still lengthy in his experience as CCDC’s Director of Housing Development. If a nonprofit CDC developer is saying this, despite the city’s apparent fast-tracking goodwill, the experience for smaller developers cannot be any easier. And though the city has an entitlement and permitting process that appears fairly straight-forward, politics remains one of the largest obstacles for any type of development in San Francisco.

Local Politics

Affordable housing, gentrification, and growth are among the top issues that mayoral candidates discuss during their campaigns. The city’s citizenry has historically been active and vigilant about land use issues in the city, illustrated by the organizing against “Manhattanization” in the 1970s and 80s and against freeway construction in the 1950s known as the “Freeway Revolt,” and keep city leaders to be actively engaged in the city’s development. Robust blogs like Curbed SF (sf.curbed.com), SocketSite (<http://www.socketsite.com>), SFist (<http://www.sfist.com>), San Francisco Metblogs (<http://sf.metblogs.com>) add to the cacophony of voices that have historically kept a

⁹² Interview with Badiner.

⁹³ Interview with Yanga.

⁹⁴ Ibid.

watchful eye on development citywide development. The seemingly age-old debate centers on the tension between downtown and the neighborhoods. More specifically, land use and development is characterized as a struggle between the “haves” and “have-nots” in the city, the wealthy and the poor, the corporate free-market and cooperative public interest. This intense scrutiny almost measures the city’s progress through how well it can balance these two interests, and more importantly, how it can save the city’s underclass from being left behind.

The Mayor and Mayor’s Office of Housing: After several decades of slow-growth politics, the current mayor Gavin Newsom and his predecessor Willie Brown have encouraged market-rate housing developments and capitalized on high-tech and bio-tech industries to build in San Francisco. While supportive of affordable housing, their policies have sided with less regulation and less community benefits from private projects in order to encourage development. These stances have been at odds with the city’s progressives including the city’s Board of Supervisors, who are described in greater detail below.

Where Mayor Newsom has made traction is in developing housing for formerly homeless people and those at-risk of being homeless. As part of his mayoral election, he campaigned on a policy called “Care Not Cash” which aimed to house the city’s sizeable homeless population. As a result, the Mayor’s Office of Housing (MOH) has required that all affordable housing projects funded by the Mayor’s Office include units that target the lowest income populations. Jones sees this as an unnecessary burden that potentially creates tensions between tenants of different income backgrounds, and also because of the greater subsidies needed to develop units for formerly homeless people.

Moreover, MOH is largely interested in large residential developments over 40 or 50 units. For Peter Cohen who formerly worked in the SOMA neighborhood that had similar issues as Chinatown around aging housing and small parcels, MOH’s informal policy meant that there were “virtually no ideas for those areas” that were small and needed to be either rehabilitated or redeveloped. Economies of scale makes MOH only interested in developing the maximum number of units it can, which means large parcels in neighborhoods with relatively easy development paths.

Board of Supervisors: In a wave of anti-development sentiment in 2000, San Francisco voters elected progressive neighborhood activists to the Board of Supervisors to counter Mayor Willie Brown's pro-growth policies. As Mayor, Brown was interested in developing the city's underutilized areas and was instrumental in building the Giants' Ballpark, Yerba Buena Gardens in SOMA, and the city's newest neighborhood Mission Bay with Brown's affinity for patronage politics. The city's progressives organized to slow development to not sell off San Francisco to the highest bidder. This led to the current political climate in the city, where progressives make up a majority of the Board of Supervisors. Board President Aaron Peskin from District 3 represents Chinatown and is a strong advocate for affordable housing, tenant rights, and the city's low-income populations.

One particular Supervisor, Chris Daly of District 6, has spearheaded legislation to support affordable housing preservation and development. Among these policies have been an SRO sprinkler ordinance requiring sprinkler systems in all SRO units in case of fires⁹⁵, an Affordable Housing Development Fund from in-lieu fees by Rincon Hill developers⁹⁶, and earmarking millions of dollars for affordable housing production⁹⁷.

Other supervisors have also played critical roles in setting a progressive agenda in San Francisco and are intimately involved in their neighborhood's planning issues. Recently, Supervisor Ross Mirkarimi of District 5, challenged the Market/Octavia Neighborhood

⁹⁵ The SRO preservation ordinance effectively halted stabilized the number of SRO units in the city. Losses in the were made in the 1990s because of fires, not conversions. Because SRO buildings were not equipped with sprinkler systems, this ordinance mandated and financed the remainder of the city's SRO housing stock, a key type of affordable housing.

⁹⁶ The South of Market Area Community Stabilization Fund will collect an estimated \$34 million from high-rise developers in Rincon Hill between 2006 and 2012. Daly negotiated with developers in 2005 a "community impact fee" which charges developers \$25 per square foot towards community development initiatives in the South of Market neighborhood. As stated in Ordinance 217-05, and Section 318.7 (1): "...Monies deposited in the Fund shall be used to address the impacts of destabilization on residents and businesses in SOMA including assistance for affordable housing and community asset building, small business assistance, development of new affordable homes for low-income households, rental subsidies for low-income households, down payment assistance for home ownership for low-income households, eviction prevention, employment development and capacity building for SOMA residents, job growth and job placement, small business assistance, leadership development, community cohesion, civic participation, community based programs and economic development". The fund is being used as a model for other neighborhoods in San Francisco that are facing development pressure including the Market/Octavia neighborhood and neighborhoods in the city's Eastern Neighborhood Plan.

⁹⁷ The "Housing Charter Amendment" is described earlier in the "Financial and Economic Barriers" section of this chapter.

Plan, which needed approval by the Board of Supervisors to become effective. The Supervisor wanted greater amounts of inclusionary zoning, more developer fees, and fewer parking requirements for a neighborhood that rose from the demolition of a former freeway. After negotiating with the Mayor's Office, an agreement was reached that requires 25% of new units to be sold at below market rates; developer fees were raised to upwards of \$50M, which will be put towards an affordable housing fund.

These two examples show the importance of the Board of Supervisors in the land use decisions of San Francisco's neighborhoods. Although good multi-year planning processes may occur, Supervisors with a single stroke can invalidate planning efforts that attempt to incorporate the community's desires. This is an advantage for affordable housing advocates when progressives are in power, but the electoral process is volatile and San Francisco electoral politics is known for being particularly whimsical. The power of the Board shows that the view of the District 3 Supervisor is key in determining Chinatown's fate.

Neighborhood Politics

Chinatown politics: Talk to any stakeholder group in Chinatown and one begins to see the intense political dynamics that take place within Chinatown. The neighborhood's residents have little political capital and are often overlooked in the city's political dialogue. This disempowerment has caused for several neighborhood "power brokers" who each claim to speak for the Chinatown community and the community's interests. Among these groups are the Chinese Chamber of Commerce, Chinese Economic Development Group, Chinatown Community Development Center, Chinese Progressive Association, as well as traditional benevolent associations including the large Chinese Consolidated Benevolent Association also known as the "Chinese Six Companies."

The neighborhood's three news publications including the Sing Tao Daily, the World Journal, and the Ming Pao, along with Chinese-language television and radio media keep the community abreast of all the political issues of within the neighborhood. Neighborhood groups and power-brokers often use the media to espouse on developments such as City College and a new underground subway station planned for the community.

Neighbors: Chinatown is surrounded by among the most political active and affluent neighborhoods in San Francisco. As a low-income and ethnic neighborhood, it is an anomaly among the picturesque and notable neighborhoods of Nob Hill, Russian Hill, Union Square, North Beach, and Telegraph Hill that circumscribe it. While increased heights and density may encourage affordable housing, it also may also result obstructing the million-dollar views of Chinatown's neighbors. Up-zoning the neighborhood will surely be hard-won with these voices outside the community. The ever-active Telegraph Hill Dwellers sued CCDC during the development of the I-Hotel because they felt like it was too tall. Recent plans to build a new Chinatown/North Beach campus of City College on Kearny Street have also been sued by neighboring Hilton Hotel, because the proposed 16-story building would block views for its hotel's guests. It is debatable whether the issue for these neighboring communities is actually height, or if height is being a more cloaked away of not wanting more poor immigrant Chinese in the neighborhood. Whatever the reason, any conversation about rezoning will need to be negotiated with neighboring areas.

Chapter 6: Affordable Housing Policy Tools

There seems to be consensus that restrictive zoning increases housing costs. Basic economic analysis also illustrates that limited supply with increasing demand will increase the cost of a good like housing. Zoning, however, is an easy target because deregulation particularly when related to density and height of buildings can build potential value for real estate. In modern American cities, it is not uncommon to see parking lots or low-rise structures in dense downtowns because of property owners who hold out from development because of the potential value of their building envelopes.

Karl Beitel of SEIU in San Francisco offers a more fine-tuned analysis of the market that is quick to blame “overzealous activists” for ending housing affordability by down-zoning parts of San Francisco. By looking at recent market developments that are building housing for wealthy people, many who are choosing to purchase housing as second homes, Beitel segments the housing market between the affordable (or “ordinary”) market and the luxury market and argues that they operate with different supply and demand forces.⁹⁸ In essence, developers of affordable housing do not wish to supply housing for the ordinary market. A large majority of San Francisco’s housing development in the last decade has not been for low or moderate income people. Furthermore, developers of such developments as Rincon Hill have chosen to pay in lieu fees rather than develop affordable housing on site, even with a higher percentage of units required through in lieu fees.

Development of affordable housing in San Francisco has been limited to a few select players. According to Yanga, San Francisco has three different types of developers: nonprofit community-based developers that are neighborhood or constituent based (CCDC, Bernal, Tenderloin Neighborhood Development Center), regional affordable housing developers (Bridge, Citizen), and for-profit developers (AF Evans, Related). Yanga also said that nonprofit developers want to keep others out of the San Francisco market. “There’s also a sense of preservation – self preservation,” she said. “CBOs [community based organizations] don’t

⁹⁸ Beitel, Karl, “Did Overzealous Activists Destroy Housing Affordability in San Francisco?,” *Urban Affairs Review*, (2007): 751-2.

want competition. We specifically got requests to include in RFPs [request for proposals] that applicants have to be a San Francisco based developer to receive a developer fee, which we changed that last year.”⁹⁹

If these forces exist both in the luxury market and the affordable market, is it reasonable to assume that developers would begin speculating on development in Chinatown? I hypothesize that this is not the case, particularly because of the existence of community given the type of activism that exists in the community around land use. Moreover, with policies and regulations that are intended to preserve Chinatown’s affordability while incentivizing certain types of development to keep development costs low, there can be a positive net effect on Chinatown. Still people are cautious and weary.

“Can the community tolerate the density and that height to create incentive to build higher density housing in Chinatown? Then if you build market rate housing, is that going to change the community? Is it going to be filled with Hong Kong refugees from Vancouver or yuppies from Financial District? You can’t control that.”¹⁰⁰

What can be controlled is the regulatory framework. The following are policies currently in place and alternative approaches to supporting affordable housing development used throughout the country.

San Francisco Policies

Inclusionary Zoning: Inclusionary zoning is not unique to San Francisco and began in Montgomery County, MD in 1974. A 2003 survey by the Nonprofit Housing of Northern California shows that 107 cities and counties in California have inclusionary zoning policies, which require a certain percentage of affordable units given a certain amount of units in a

⁹⁹ Interview with Yanga.

¹⁰⁰ Interview with Lee.

proposed housing development.¹⁰¹ The policy has been successful in developing affordable housing in San Francisco and other larger metropolitan areas, but has been criticized for discouraging housing development. For enthusiasts of market-based approaches to affordable housing development, discouraging all housing development leads to limits on housing supply which ultimately lead to greater unaffordability of scarce housing. The relative success of this program is reliant upon a strong housing development market and available opportunities for market rate development. Critics have argued that inclusionary housing does not work in weak markets – particularly in suburban or economically depressed areas where real estate developers have little interest in developing.

San Francisco has had an inclusionary zoning policy since 1992 when the city's Planning Commission required 10% of units to be affordable for projects with 10 or more units requesting a permit conditional use or planned unit development. The policy had weak legs and was revisited in 2002 by the Board of Supervisors who expanded the guidelines for all projects with 10 or more units and further requiring the affordability levels for renters who earned less than 60% of Area Median Income (AMI) or 100% of AMI for condo developments. Conditional uses would be required to have 12% of units as affordable.

Not satisfied by this threshold, and also to capitalize on immense development interest in the city, the Board increased the inclusionary requirement again in August 2006 to require 15% of units be low-income if constructed on site, and 20% inclusionary units if they were built offsite. At the same time, AMI was reconfigured to San Francisco Median Income rather than HUD AMI, which included the affluent counties of San Mateo and Marin.

¹⁰¹ Calavita, Nico, "Inclusionary Zoning: The California Experience," *National Housing Conference Affordable Housing Policy Review* (2002), 12.

According to the American Community Survey, the AMI in San Francisco is 11% lower than the HUD AMI.

San Francisco's Affordability Gap		
Household Size	SF Median Income	Affordable Sales Price
1 person	\$56,200	\$172,542
2 person	\$64,250	\$199,393
3 person	\$72,300	\$226,244
4 person	\$80,319	\$252,969

Source: 2004 San Francisco Housing Element

The challenge for inclusionary zoning in San Francisco is to determine the level of inclusionary housing. Some people have argued that 15% is too high a rate to expect from real estate developers, while others have called for even higher rates. While this thesis does not do a rigorous analysis of the appropriate rate, policymakers should consider higher rates considering that the city is falling short on targets for affordable housing production while doing relatively well at market rate production.

San Francisco's inclusionary zoning policy created 736 units of housing in San Francisco from 2002-2006, which is an annual average of 142 units. Of the total 4505 affordable units built from 1996-2006 in San Francisco, 52% were affordable family units, while 15% were affordable senior units, 17% were supportive housing, and 16% were for home ownership.

Furthermore, inclusionary housing, where relatively successful in increasing affordable housing stock, cannot meet all of any locality's need for affordable housing. Even in San Francisco where a strong market exists, the inclusionary housing program has only met a fraction of the city's designated need by the Housing Element.

In lieu fees/exactions: As an alternative to building inclusionary housing on site, developers can choose to pay in lieu fees that are equivalent to building those same units. Market-rate developers can partner with an affordable-housing developer or pay into San Francisco's Affordable Housing Development Fund. This has most recently been applied to the Rincon Hill Towers in San Francisco, a pair of 45- and 60-story luxury condominiums. The fee as

stated in Section 315.6 of the Municipal Code is based on the required amount if the project were to build off-site and is calculated by the difference of the development cost of a unit and the affordable sales price. The chart below shows the fee schedule for the various sizes of units that are built.

San Francisco's Developer In-Lieu Fees			
Unit Size	Cost	Sales Price (for 100% AMI)	In-Lieu Fee
Studio	\$359,850	\$172,542	\$187,308
1 bedroom	\$455,600	\$199,393	\$256,207
2 bedroom	\$569,500	\$226,244	\$343,256
3 bedroom	\$637,531	\$252,969	\$384,562

Source: 2004 San Francisco Housing Element

As San Francisco's policy goes, an in-lieu fee goes to building an equivalent of 20% of the market-rate housing that is development. This makes this option in some ways more appealing than if affordable housing was built in market-rate developments that only require 15% of the units be affordable. The net gain is higher with in-lieu fees, and actually assists non-profit developers with the ability to have a greater stream of funding to make their projects into reality.

Incentive zoning: Waiving particular regulatory hurdles like parking or open space requirements is fairly commonplace to encourage development. The practice also includes allowing greater density or height in turn for a public benefit within the development such as affordable housing. Because there is a lot of public interest in developing greater amounts of affordable housing, affordable housing developers have often asked to upzone in order to maximize the number of units that can be built.

Policy Alternatives

Encouraging Smaller Units: San Diego introduced a new type of housing unit called the “living unit” which is a cross between a studio/efficiency apartment and an SRO in 1988.

California’s Uniform Building Code permits 220 square foot efficiency units which require kitchens and baths in each unit. SROs, or sleeping rooms, have a 70 square foot minimum without kitchens or baths. The living unit attempts to be a hybrid of the two residential typologies requiring a minimum of 150 square feet and allows for a partial kitchen or bathroom, with an occupancy of no more than 2 people. These units are also designed to feel bigger than they are with wall units and multi-functional furnishings. Similar ideas have been considered in Los Angeles, where planners last year called for 250-square-foot apartments in their downtown. With Chinatown’s sizeable SRO housing stock, the city should consider allowing for the development of developments like the “living unit.”

Furthermore, HUD regulations currently prohibited SRO development with federal financing because SROs are considered substandard, thereby limiting the options of unit types for affordable housing developers.

Transit Oriented Development (TOD): Massachusetts’ Chapter 40R and California’s Prop 1C incentivizes transit-oriented development, encourages greater density, and reduces parking ratios around public transportation. The effort is partly a strategy to limit growth in exurban areas, while promoting healthier and less car dependent lifestyles. Inclusionary housing requirements are also tied to both policies and their outcomes and effectiveness have yet to be measured. Chinatown residents are transit-dependent (82% of the households don’t own cars) and the neighborhood is transit-rich. TOD, however, is largely a smart growth policy most effective in suburban areas that are not built out and densely urban like Chinatown and San Francisco. Throughout my research, I found no model TOD developments that could be applied to this particular case.

Height/Density Bonus: Density bonuses are already mandated by state law in Government Code Section 65915, which states that local governments must provide a 25% density bonus if a housing developer agrees to construct 10% of units for very low income (under 50% AMI), 20% for low income (under 60% AMI), or 50% reserved for seniors.

This commonly used practice is being infused into much of the city's planning efforts in its current Eastern Neighborhood Plan. According to Johnny Jaramillo, the South of Market is rezoning to allow a 25 foot height bonus for affordable housing. In his experience in the low-rise Mission District, he says people have not been so afraid of height, especially if it means more affordable housing.¹⁰² Neighborhood concerns are more about inclusion in the planning process, and ability to live and benefit from the eventual developments that occur.¹⁰³ While a height bonus is already built into Chinatown Zoning, allowing 20 additional feet for affordable housing, it is worth considering that perhaps the bonus is not large enough. An economic analysis is needed to further understand the appropriate level of bonus to provide.

Redevelopment District: California State law requires 15% affordable housing requirement for private developers and a 30% requirement for public entities. San Francisco's inclusionary requirement is on par with the redevelopment requirement. By identifying blighted areas and utilizing tax-increment financing, redevelopment areas can be successful in infusing greater investment and development in a neighborhood. While seemingly simple, the history of redevelopment and Urban Renewal programs in the United States has left a scar on many cities and low-income communities of color. Olsen Lee, Director of Housing of the San Francisco Redevelopment Authority, says that the process is lengthy and politically charged.

“For the Bayview it took 10 years and was only adopted 2 years ago. The issue becomes, will there be a consensus that being a redevelopment project will be successful? You won't get that in Chinatown. For some people, they'll see themselves as being the process and that they don't need redevelopment. Other people that don't want redevelopment are concerned about what redevelopment would do like displacement and gentrification. Is this an opportunity to extend downtown to Chinatown? That was stopped earlier at I-Hotel. You have to deal with those issues. Another concern is that you have an agency that has a much more significant role in how the neighborhood operates that is accountable to the redevelopment commission, and not to neighborhood.”¹⁰⁴

¹⁰² Interview with Jaramillo.

¹⁰³ Ibid.

¹⁰⁴ Interview with Lee.

Chinatown doesn't have the type of serious blight in Chinatown that other neighborhoods in the city has, according to Lee, though an extensive survey has not been done. If areas of Chinatown are found as blighted, the boundaries of a redevelopment area can take several forms: from one square block to a whole corridor to the entire neighborhood.

Negotiation of Land Use

Developers will admit that, especially in San Francisco, what you start with is not what you will end up getting. In an iterative process where developers and architects design plans, undergo a public process where community members vet out their issues, it can be costly for developers to go back and forth in a circular process. The architectural field is already beginning to embrace "integrated design," a facilitated process that brings together engineers, architects, clients, and contractors from the start of a project to create more efficient, cost effective, and sustainable buildings rather. Traditional methods have each of these players working apart and at different stages of a project. Urban planning can take a lesson from architecture here to apply a similar process to the development process – formalizing methods to include community input from the very start of a development project.

"The negotiated design approach allows stakeholders to reveal their interests and share their knowledge productively. Scenario testing can clarify the relationships between increased density, environmental impacts, financeability, and the ultimate cost of housing, thereby laying the foundation for efficient trade-offs. By contrast, the traditional administrative process creates a dynamic in which people have to line up for or against a specific proposal.... For the most part, the negotiated design process has been used in the context of specific parcels."¹⁰⁵

Wheeler argues that the approach could encourage affordable housing on both a municipal and regional scale because "it provides a forum in which housing advocates can meet with private lenders, community groups, and local politicians to develop basic policy goals which then can be used to guide specific decisions."¹⁰⁶ San Francisco is fortunate enough to have these types of collaborations in place including coalitions such as the 15-member Council of Community Housing Organizations ("Choo-Choo"), comprised of non-profit affordable housing developers and city agencies, and the San Francisco Housing Action Coalition

¹⁰⁵ Wheeler, 28.

¹⁰⁶ Ibid., 28.

(SFHAC), which is comprised of architects, housing developers, and financial institutions. While these organizations work on city-wide efforts to develop greater amounts of affordable housing, collaborations on a neighborhood level are still lacking.

“Proponents of affordable housing in particular often seek rezonings or special permits that increase density and reduce per unit land costs, and thus they inevitably get involved in the negotiation process.... Often developers, regulatory agencies, and citizen groups reach agreements that bear little resemblance to what the law requires.”¹⁰⁷

Lee prefers a method such as this, saying that the larger framework of rezoning is politically contentious, especially for a neighborhood like Chinatown. By working with individual cases, all the interested parties can negotiate an adequate design, even if it means a zoning variance.

While I have not come across this in any literature, perhaps Chinatown could create a negotiated-design overlay district. Several community-based organizations already play a large role in approving or more often blocking development projects. Chinatown’s neighboring Telegraph Hill, the Telegraph Hill Dwellers have more than a watchdog role in development proposals within their neighborhood. An overlay district of this sort would clearly state development principles for the area, as well as allow for negotiations from the start of a project that would include community leaders, elected representatives, as well as planning commissioners so that the process is less iterative and more conducive to final approval.

¹⁰⁷ Ibid., 7.

Chapter 7: Understanding Property Owners

Property owners or landlords are among the most important players in determining Chinatown's future. No matter how land use regulations are crafted or rezoned in Chinatown, they are ultimately the ones who control the neighborhood's fate. As stated by Olsen Lee, "You have to look at what is the neighborhood vision is because the immediate reaction of people is to not do redevelopment. Most property owners will fight it because they are conservative."¹⁰⁸ Sentiments almost unanimously speak to the reluctance of Chinatown property owners from doing more than basic maintenance of their buildings. They straddle the thin line between traditional notions of "slumlords" and what some would argue as cultural differences about standards of living. The standards of living for immigrant Chinese tenants are not aligned with American health and safety codes, and often landlords capitalize on this cultural difference.

In dealing directly with property owners through the Code Enforcement Outreach Program, Ho says that most of the owners he works with are responsive to fixing code violations. They are also cheap. "I had a case where an owner only redid half of his leaky roof to save money when he needed to do all of it. Lo and behold, a year later, the roof began leaking again and he had to re-roof the whole thing. The whole ordeal ended up costing him more than if he had just redone the whole roof the first time."¹⁰⁹ Minimal maintenance by property owners, which is often instigated by watchdogs like Ho, is what has kept Chinatown from becoming a truly blighted community. This type of mentality and approach to property management has implications upon the willingness to do even more intensive work to a given parcel or building. If property owners are averse to debt, risk, and large investments to their existing property, would any incentives really work to encourage current owners to produce the type of community-oriented results like affordable housing?

¹⁰⁸ Interview with Lee.

¹⁰⁹ Interview with Ho.

Who are the owners?

Chinatown property owners are largely local and based in San Francisco if not the Bay Area. 59.4% of the 911 properties in Chinatown¹¹⁰ are owned by property owners in Chinatown and are recorded by the Assessor's Office as being in the two zip codes (94108, 94133) that are in Chinatown, and 81.7% being within San Francisco and 93.7% within all Bay Area counties. This is strong evidence that a majority of property owners are local, with nearly two-thirds being immediately within the neighborhood. The assumption then is that many of the owners are not absentee owners and likely witness the condition of Chinatown and their buildings on a regular basis.

Beyond looking at where Chinatown property owners are located, the question of the type of property owners that exist also provide insight and theories about who chooses to hold property in Chinatown. Anecdotally, various people say that many of Chinatown's properties are either owned by Chinese family associations, whose membership may be people who are not related by blood but rather by geographic ties or last name, or by Chinese families who are actually related by blood. If looking at individual property owners in the survey area, there are 770 different named property owners and an analysis reveals that this anecdotal proposition holds some weight. A survey in 1964 revealed the following information about property ownership in Chinatown.

Land Ownership in the core area of Chinatown, 1964¹¹¹		
Ownership	# of Parcels	% of Parcels
Chinese Individual	292	57.2
Chinese Association	113	22.2
Non-Chinese	75	14.7
Churches	21	4.1
Public	8	1.8
Total	509	100

¹¹⁰ In this case, Chinatown's boundaries are defined by Kearny Street (East), Mason (West), Broadway (North), and Sacramento (South). These boundaries represent "core Chinatown," though earlier census numbers reflect an expanded and are determined by the Census Tracts as determined by the Census Bureau.

¹¹¹ Community Design Center, 35.

Of the 911 individual parcels, 80 property owners own two or more property. Among the property owners who have the most properties in Chinatown are: Miriwa Center Investments with 13 parcels in the Miriwa Shopping Center, San Francisco Department of Park and Recreation with nine parcels, San Francisco City with 8 parcels, and the San Francisco Housing Authority with seven parcels. While three of the top four property owners are public entities, there are also several property owners who own four to five properties in Chinatown: Chung Family Trust with five, Kuong Sang Tam & Mary Ma Li with five, Haig Mardikian with five, Albert & Carol Ann Tom with four, Dynasty Properties LLC with four, and the Louie 1992 Family Trust with four.

After surveying and quantifying the data, it appears that the largest group of owners in Chinatown is family trusts such as living trusts or revocable trusts who make up 200 or 26% of Chinatown's owners. This shows that over a quarter of Chinatown property owners are owned by trusts, which are often set up for inheritance and who do not have a sole proprietor. Families often create trusts to pass on wealth and avoid inheritance taxes, and instead establish investment portfolios whose profits and dividends can be shared by the trustees. Ownership by a trust is likely not to have as much stake in the neighborhood because trustees do not necessarily oversee their investments.

George Sternlieb researched Newark tenements in the 1960s and observed that many of the landlords he came across were "owners by default rather than by purpose." He wrote that the task of "shaking these owners loose from their lethargy and making them aware of possible governmental programs for aiding rehabilitation is perhaps much more difficult than the full-time real estate owner."¹¹²

The second largest group of owners is more loosely defined as owners who are not individuals thus including limited liability corporations, limited partnership, businesses, investment groups, churches, and community-based organizations. These combined make up 132 or 17% of Chinatown owners. While this group varies in their respective purposes, it does include those individuals who have chosen to hide behind a company name as well as large corporations like the Bank of America.

¹¹² Sternlieb, George, *Tenement Landlord*, (New Brunswick, NJ: Rutgers University Press, 1969), 124-8.

The last large grouping of property owners is Chinese family or benevolent associations, which amount to 57 separate owners/associations or 7.4% of Chinatown property owners, though other estimates run as high as 30%¹¹³. Family associations make up a small but significant portion of Chinatown properties, and it is particularly important to note this because of the larger role these associations play in the Chinatown community. More than property owners, they are often the hub of social life for immigrant Chinese and are often the conduit to political, cultural, and social services that take place beyond the doors of their associations. Their leadership is critical in any land-use discussion, particularly the Chinese Consolidated Benevolent Association. Family associations are also governed by complicated systems of governance, which makes decision-making processes cumbersome and ultimately no particular person accountable.

Cumulatively, these three groups (family trusts, private entities, and family associations) own at least half of the neighborhood. Combined with the fact that many of them own more than one property and that some even own properties under multiple names, any discussion about zoning and potential redevelopment needs to include these groups and be sensitive to their needs. This also means that individual property owners and that own the remainder of the neighborhood more investigation is needed about how these owners care for their properties.

What Owners Want

CCDC enlisted a study of Chinatown property owners in Fall 2007 that interviewed and surveyed five neighborhood properties and their owners. The study was focused specifically on management and rehabilitation needs and costs, and explored the specific needs of residents, property managers, and owners. The two private landlords interviewed are friends of the CCDC, which builds in a particular bias towards landlords who are responsive to tenant and community needs rather than those who aren't. Though not a comprehensive study, the case studies are the most up-to-date qualitative information available about Chinatown property owners and their interests.

¹¹³ Hua, Vanessa, "Reaching for the American Dream: Chinatown renters unite to own homes," *San Francisco Chronicle*, July 25, 2006.

A few of the critical findings of that study was that property owners are sensitive to their reputation in the community and are interested in maintaining good standing in the community. Their primary concerns were largely economic: making income from their properties and minimizing the liabilities associated with tenants. Despite owners' sensitivity to community opinion, the largest motivating factor for the level of investment owners put into their properties was the type of return on investment that could be made. The proverbial "bottom line" trumps any altruism to rehabilitate their buildings. With tenants paying such low rents, it is difficult for property owners to justify incurring more debt to rehabilitate a building. The city's strong anti-displacement policies that guarantee tenants the right to return at the same rents give landlords even less incentive to do anything but minimal maintenance. Larger maintenance issues are often put off and insurance to cover the buildings are large expenses because insurance companies consider SROs risky liabilities. The economic strain on property owners appears to be a significant barrier to greater investment in Chinatown buildings.

Why then do property owners choose to hold properties in Chinatown? And why do buyers choose to purchase properties in the neighborhood when profit is so difficult to make? One of the property owners in the CCDC study bought her property through a 1031 exchange, which gave her a tax break and was at a price that allowed her to avoid any new debt. "Part of the reason for acquiring the building was also personal: the owner's grandparents used to live in an SRO unit at Kearny and Clay, and many of the building's elderly tenants remind the owner of her own grandparents."¹¹⁴

For others like neighborhood business owners, purchasing property was more cost effective than paying rent. According to Hu, "It used to be a very closed market. Most of the properties that bought it in the 60s and 70s were users. They owned the restaurant or grocery store and there hasn't been a lot of change in ownership in that time."¹¹⁵ Hu also states that the market is relatively low with some properties up for sale with no buyers for

¹¹⁴ Chen, Yang Yang and Chen, Deland, "CCDC Housing Preservation Study," *Chinatown Community Development Center*, April 2008.

¹¹⁵ Interview with Hu.

years because the rent doesn't justify investment. Investment opportunities outside of Chinatown are more lucrative and for real estate investors who are interested in return and who aren't discriminated against in the larger real estate market, it has meant that investors look elsewhere.

“Before 1948, if you were Chinese you had to live in Chinatown. Chinatown became a center for us, but now it's a much broader market. Chinese have more options and can decide if to pay half million to live in Chinatown or by the ballpark. If you had to pay a premium to live in Chinatown, you wouldn't pay it.”¹¹⁶

Chinatown is thus becoming largely a place where people come to live in old age and where people with the lowest of incomes live. With available housings options in other parts of the city and good public transit into Chinatown, Chinese immigrants have been enabled to disperse away from the Northeast sector of the city, going West and South into the Richmond, Sunset, Excelsior, and Visitacion Valley.

¹¹⁶ Ibid.

Chapter 8: Developments in other American Chinatowns

SEATTLE: Abandonment & Gentrification

Like New York and San Francisco, Seattle's Chinatown can trace its history to the mid-19th century when sojourners moved to the area for employment opportunities in hopes to eventually move back to China. The Chinese came to work in the city's bustling shipping, canning, and logging industries. Seattle's Chinese community faced the same anti-Chinese sentiments that swept the nation in the 1880s and restricted the parts of the city where Chinese were allowed to reside. The Chinese originally settled around the Seattle's swampy coastline, but later moved to Seattle's Pioneer Square, which evolved over time to embrace African Americans and immigrants from Japan, the



Philippines, Vietnam, Korea, and Cambodia. Today this

An abandoned SRO Hotel in Seattle's International District

uniquely multicultural neighborhood is called the International District, which still serves as an entry point for many new Asian immigrants to Seattle.

Much of the housing stock in the International District was built in the first half of the 20th century and like San Francisco's Chinatown, consisted largely of SROs. Urban renewal in the 1960s threatened the neighborhood and its housing stock that was considered substandard by government officials. The Kingdome was built at the neighborhood's western edge and the Interstate-5 freeway cut the neighborhood in half. By the 1970s, over half of the area's

deteriorating residential hotels had been abandoned. The community organized and designated a 12-block area of the neighborhood as a historic district in 1973 and the neighborhood today is listed in the National Historic Register. While the designation was able to retain the architectural and cultural heritage of the International District, it did little to reinvigorate the community's economic base or housing stock.

Coupled with these dynamics, the Seattle City Council also passed the Housing Code Amendment in 1972 to set new standards to all hotels and apartments three or more stories in height, and mandated extensive safety updates. The new standards, which were enacted to protect buildings from earthquake and fire proved to be expensive and even financially prohibitive. Because SROs were considered substandard housing by HUD and ineligible for government funding, Seattle's Building Code effectively discouraged extensive renovation of existing SRO housing and resulted in property owners abandoning their properties.

According to Historic Seattle:

“By one estimate, over 5000 housing units were lost as a result of the Ozarks legislation. Much of the building stock in Seattle's older urban neighborhoods, such as the International District, became underutilized as the upper stories were vacated and left to ruin.... The economic upturn in the late 1970s escalated land value and rents, further endangering Seattle's historic hotels. Land value began to exceed improvement value in many areas, leading to demolition and redevelopment. In areas such as Pioneer Square, many units were converted to apartments and condominiums.”¹¹⁷

Conversion of SROs to apartments has been the most financially feasible way that developers in the neighborhood have been able to rehabilitate former SRO buildings. InterIm Community Development Association, a non-profit community and affordable housing developer based in Seattle's International District has acquired several abandoned SROs and converted them into apartments with units ranging from studios to two-bedrooms at affordable levels. Conversion has been the greatest opportunity for rehabilitation and redevelopment according to Tom Im, neighborhood planner with InterIm.

¹¹⁷ McKnight, Reuben, “October 2002: The Legacy of Ozark Ordinance,” Preservation Seattle, <http://www.historicseattle.org/preservationseattle/publicpolicy/defaultoct.htm>.

Besides InterIm, several private developers have also seen the potential of rehabilitating and converting abandoned SROs in the International District. In 2003, real estate developer James Koh bought three buildings in the heart of the district and planned to rehabilitate them to market-rate apartments.¹¹⁸ While Koh is Chinese and on some level community-oriented, Im and other neighborhood preservationists are cautious of real estate speculation in the neighborhood because it has already caused gentrification of the neighborhood.

InterIm is part of the 18-member Dearborn Street Coalition for Livable Neighborhoods and is currently campaigning against a proposed mall including Target and Lowe's that is attempting to build in the neighborhood at a deteriorating former Goodwill facility. While the developer, Dearborn LLC, wants to build 700,000 square feet of retail, 400 condominiums, and 2,300 park spaces, the community is rallying behind more community-oriented development that includes affordable housing and small-business storefronts.

While the scale of such a development will never likely occur in San Francisco's Chinatown, the opportunity for a developer to maximize a parcel's full economic potential is commonplace in the real estate market. Low income urban communities with strong economies are often most weary of the power of the real estate market even with regulatory controls. As successive low income urban neighborhoods fall to gentrification, some would consider San Francisco's Chinatown a model for tight controls and progressive regulation, particularly around sustaining low-income housing.

Im says that Seattle is looking at San Francisco's land use policies for guidance.¹¹⁹ In the particular case of the Dearborn LLC development, the city is looking at San Francisco's ordinance that limits and prohibits "formula retail" that has kept chain stores away from the city and promoted small, locally-owned businesses. This is one of many regulatory tools that Seattle lacks. Another is inclusionary housing.

¹¹⁸ Ho, Vanessa, "Old Chinatown attracts new money: Developer, museum step in to renovate four buildings," *Seattle Post-Intelligencer*, April 26, 2005.

¹¹⁹ Interview with Tom Im by Bryant Tan on April 30, 2008.

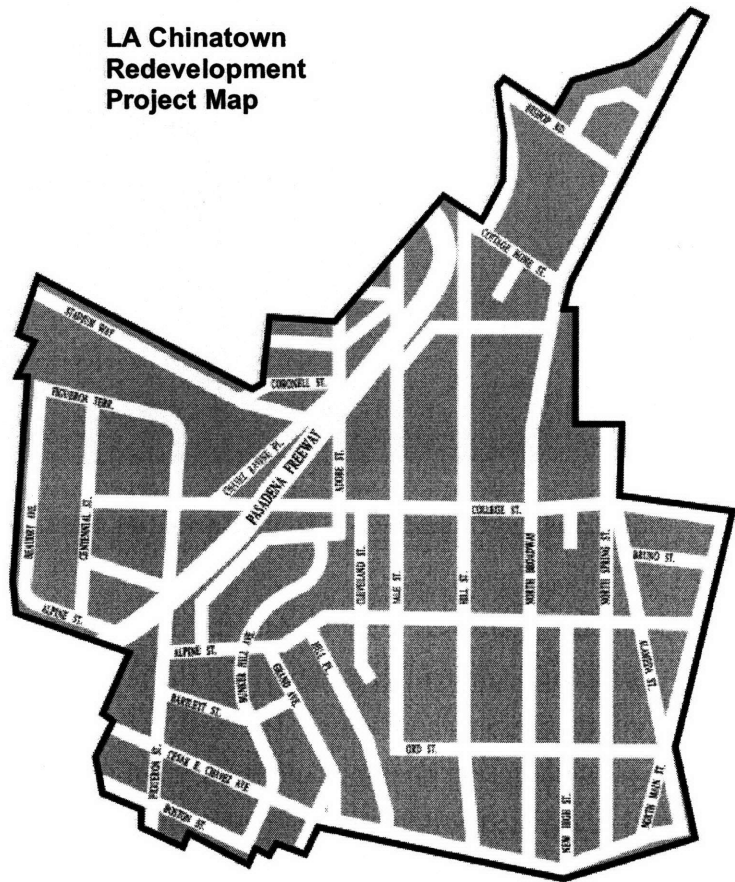
Developments in Seattle's International District¹²⁰				
Year*	Total occupied units	Total units below 80%	% of units below 80%	Total units above 80%
1997	1820	1738	95%	82
2008	2447	1883	77%	587
*With the exception of the Metropolitan all units pre-1997 were 80% or below median income (does not include shelters)				

With limited controls over private property development, Seattle has relied heavily on incentive zoning to promote affordable housing development – including density bonuses and reducing parking requirements. Even so, it has had limited impact on the development of affordable housing in the International District. While overall housing units in the last 10 years rose by 25% to 2447 units, housing affordability has declined at the same time. Ninety-five percent of the units were below 80% AMI, in 1997 whereas only 77% are below 80% AMI currently. This reflects growing market-rate housing developments that are coming into the neighborhood. Concurrently, the number of vacant units has increased in the neighborhood from 551 in 1997 to 691 today.

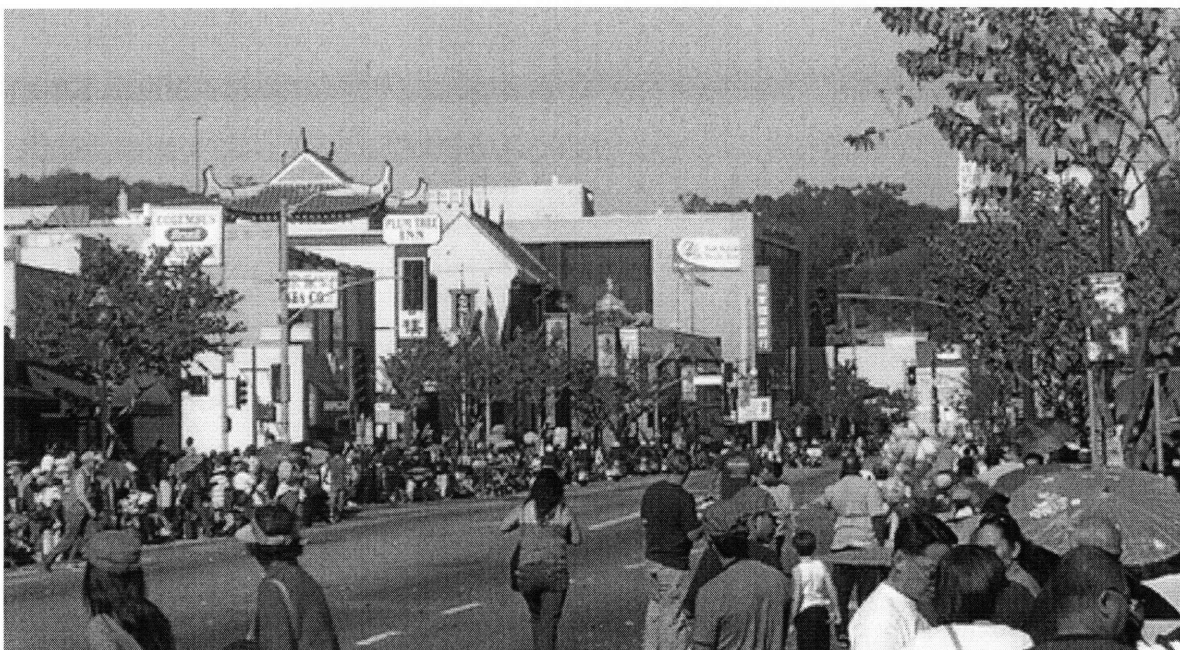
¹²⁰ Supplied by Tom Im to Bryant Tan on April 30, 2008.

LOS ANGELES: Redevelopment & Infill

Los Angeles' Chinatown is strikingly different than San Francisco's in scale and function, replicating the dissimilarities that the cities inherently have with each other. The automobile-oriented landscape and weak public transportation system combined with a less densely populated urban core set Los Angeles apart from San Francisco. What they do share in common is the disinterest to develop in both Chinatowns although Los Angeles has available land to build upon. Chinese-Americans in Southern California have chosen instead to develop and settle largely in the San Gabriel Valley, which lies east of Chinatown. These strongholds in suburban environments are largely middle class and above over the open-air markets of Chinatown. The same is happening in San Francisco, where Chinese-Americans are choosing to move to the Richmond District, Sunset, Visitation Valley neighborhoods in the city as well as other suburban communities throughout the Bay Area, leaving Chinatown behind to become economically depressed and a home only to low-income people.



Los Angeles' Chinatown is an example of a Chinatown that has been designated a redevelopment area, and can provide some insight into the types of development that stem from such a designation. Adopted in 1980 and later amended in 2001, Los Angeles' 303-acre Chinatown Redevelopment Area aimed to "eliminate blight, maintain the Project Area's prominence as the focal point of commerce and culture for the Chinese community of



Los Angeles' Chinatown is tourist-oriented and low-rise.

Southern California, and stimulate the development of affordable housing.”¹²¹ Sighting significant blight and deterioration of the buildings, the redevelopment area has been able to accomplish several outcomes. The blight analysis documents that deteriorating structures, those with overall ratings of moderate rehabilitation (50%), extensive rehabilitation (15%), and dilapidated condition (3%) represent sixty-eight percent (68%) of the total. Only 14% of the structures in the Project Area are considered by the exterior survey to be in sound condition.¹²²

By generating tax increment financing and other funding sources, from 2000-04 the Community Redevelopment Agency of Los Angeles (CRA/LA) was able to dedicate \$2.8 million in matching loans for commercial rehabilitation, \$5,000 for sidewalk maintenance, \$131,000 for marketing, capital improvements in parking, streetscape, establishing a Chinatown gate, and neighborhood planning.

In that same time, CRA/LA also helped to fund one affordable housing project and provided technical assistance to three other housing development projects in the neighborhood. The affordable housing project was the Yale Terrace Apartments, 55 very

¹²¹ Community Redevelopment Agency of Los Angeles, “Chinatown Redevelopment Project Area, 5-Year Implementation Plan FY 2005-2009,” 3.

¹²² Ibid., 3.

low- and moderate-income units comprised of 18 3-bedroom and 37 4-bedroom units.¹²³ The other three housing projects assisted were Castelar Apartments, a \$25 million 101-unit project for low-income families, and Orsini I and II, two mixed-use apartment complexes that totaled 863 market rate units. The redevelopment project area has clearly been a catalyst for development and fits well into the city's larger effort in building out its downtown and encouraging people to move downtown.

From the inception of the Chinatown Redevelopment Project in 1980, 9 affordable housing projects have created 1183 affordable units for Chinatown.¹²⁴ Only two more affordable projects are in the pipeline, estimated to be complete in 2011 for an additional 73 affordable units. The redevelopment area was unable to attract private investors into Chinatown and development remained relatively stagnant in the 1980s and 90s, channeling the CRA/LA's energy into streetscape improvements and commercial rehabilitation. Housing instead was built in other parts of downtown including Little Tokyo, LA's Historic Core, South Park, and Artist District Neighborhoods.

In 2005, the Los Angeles Business Journal published an article titled, "Wave of development appearing in long dormant area," tying Chinatown's real estate to the "hot downtown market." With greater interest in housing development in Chinatown, most of the developments in the works are market rate. The chart below shows that from now until 2014, of the 1023 units planned for development, only 6.4% are affordable. If including units for rehabilitation, the affordable units increases, becoming 21.9% of total units. While this shows a shift of energy to rehabilitate affordable units rather than build new ones, the amount of market rate development is of concern for the historic Chinese neighborhood.

There are no guarantees that the tenants of the market-rate units will be Chinese, which will change the face of the neighborhood which according to the 2000 Census was 69.4% Asian. Recently the neighborhood has already seen an influx of artists who are revitalizing the economically depressed neighborhood and opening up galleries and studios. Artists are often seen as the first sign of encroaching gentrification, and the proposed developments on the neighborhood's parking lots are surely signs of more gentrification to come.

¹²³Community Redevelopment Agency of Los Angeles, "Yale Terrace Housing," http://www.lacity.org/cra/REGION_QUARTERLY_REPORTS/Downtown/Chinatown/YaleTerrace_CH.pdf.

¹²⁴ Chinatown Redevelopment Project Area Plan, 24.

“Chinatown is not a high-rent neighborhood, and there are likely concerns about who will move in, and what effect that will have on existing area residents. Several years ago a flurry of art galleries opened around Chung King Road and brought a new wave of young visitors to the area. Now some probably are wary of one project opening the development floodgates and permanently changing the face and nature of the residential community.”¹²⁵

Despite community calls for greater affordability in the neighborhood and to establish more community-oriented spaces, local officials have no control over the project area because of its designation as a redevelopment area. The CRA/LA adheres to city planning’s heights, density, and zoning requirements, which effectively leaves much of the power of the redevelopment to the tax increment financing to fund projects and power of eminent domain which hasn’t been exercised in Los Angeles’ Chinatown.

¹²⁵ Editorial Board, “Bring Chinatown Into the Development Renaissance,” *Los Angeles Downtown News*, January 22, 2007.

NEW YORK: Growth & Gentrification

New York's Chinatown is the largest in the country with a population of 80,000 people, nearly half of which are of Asian descent.¹²⁶ Like San Francisco, New York's Chinatown has a long history in Manhattan and has dealt with the same immigration trends and economic conditions as San Francisco's. Curiously, both Chinatowns also abut their respective city's Italian neighborhoods – due to historic social and economic conditions that forced Italians and Chinese into the same sector of their cities.

Both have similar block patterns with century-old tenements on small parcels that house commercial retail on the ground floor and housing above. In describing the built environment, a 2004 study by Asian Americans for Equality (AAFE) stated that one of the distinct types in the neighborhood is “small blocks with a 25-foot subdivision pattern (set by the 1911 Commissioner's Plan for New York City), typically yielding narrow



Most buildings in New York's Chinatown are mid-rise

buildings with twenty units atop stores, and an active street life.”¹²⁷ The AAFE study titled, “America's Chinatown: A Community Plan,” came after the September 11 attacks on the World Trade Center when the neighborhood saw a sharp decline in economic activity. The report reflects that there are many analogous challenges and opportunities that both New York and San Francisco's Chinatown face.

Unlike San Francisco, New York's Chinatown's development pattern has taken different paths. Height and density is obviously more embraced in Manhattan, though a majority of

¹²⁶ Asian Americans for Equality (AAFE), “America's Chinatown: A Community Plan,” April 2004, 1.

¹²⁷ AAFE, 33.

buildings in New York's Chinatown average 6 stories. Where San Francisco's Chinatown was more organized and politically engaged in the land use policies, New York's was relatively ghettoized and embraced the influx of foreign capital in the 1980s from Hong Kong, Taiwan, and parts of Southeast Asia. San Franciscans feared that foreign investment would turn Chinatown into Hong Kong with high-rise structures for either commercial office space or wealthy international residents, fears that fueled the Chinatown zoning. What played out in New York's Chinatown may offer San Francisco some cues on what could have occurred in San Francisco.

“Foreign investors have been especially interested in low-risk, non-liquid assets that is, real estate development in Chinatown. They have gradually bought old buildings, renovated them, and converted them into commercial space to yield much higher returns in rent or simply waited and speculated on higher resale to make a profit. Partly as a result, residential space has given way to commercial development. Moreover, the desire of Chinese retailers to locate in the heart of Chinatown has further boosted the price of property.”¹²⁸

“A considerable number of retail bank offices opened in the district, with the greatest growth occurring in the category of overseas Chinese banks. During the 1980s, transnationally oriented banks captured a growing share of the Chinatown deposit base and financed an increasing portion of property transactions, relative to smaller locally oriented banks. Linked with growth of transnational banking is a trend toward large-scale property redevelopment; among the biggest projects are the North American offices of overseas Chinese banks.”¹²⁹

Today, businesses in New York's Chinatown cater largely to Chinese clientele, but gentrification and non-Chinese mainstream businesses are already coming into the neighborhood. Hong Kong-style eateries with polished exteriors are prevalent here and popular chain restaurants like McDonalds, Popeyes, and Haagen Daaz are present as well. This duality of capital influx into Chinatown while still servicing a largely low-income base makes Chinatown highly contested ground. It appears that low-income residents are losing. Lin further explains that property owners choose not to rehabilitate properties in New York's Chinatown because they prefer to invest in “more profitable, upmarket, new construction, particularly in condominiums rather than in rental apartments.”¹³⁰

¹²⁸ Zhou, 205.

¹²⁹ Lin, Jan “Polarized Development and Urban Change in New York's Chinatown,” *Urban Affairs Review* (1995): 334.

¹³⁰ Ibid., 341.

This has meant the slow encroachment of market-rate development, particularly at the neighborhood's fringes. Two recent developments in Chinatown include Hester Gardens at the corner of Hester and Mott and 123 Baxter Street, both market rate developments that have predominantly Chinese-American tenants. One-bedroom units in Hester Gardens sold for \$495,000 to \$600,000 and two-bedrooms for \$700,000 to \$900,000 while 123 Baxter Street units went for \$1,100 per square foot.¹³¹

Community activists, however, remained vigilant about the development of Chinatown about to ensue. Community resistance slowed redevelopment temporarily in the 1980s and 90s¹³² such as a class-action law suit in 1981 filed by Asian Americans for Equality against the city's Special Manhattan Bridge District that provided development incentives that would mean the possibility of redevelopment of a large part of Chinatown's residential neighborhood. The special district provided a density bonus for developers who would contribute money into rehabilitating housing in Chinatown and other community benefits, but AAFE was concerned that the zoning gave no protections against permanent displacement.

Groups like AAFE and the Chinatown Partnership Local Development Corporation continue to be concerned about the future of New York's Chinatown. In an interview with Gothamist Blog, Amy Chin of CPLDC said:

"The issues in New York Chinatown remain issues of affordability, code enforcement and displacement. In some of the former garment factories, you will find modeling agencies and luxury residential lofts these days. Rents increase and immigrant businesspeople and long-time Chinese residents can no longer afford to stay.... So, what is a Chinatown without the Chinese community? What we may be left with is what they have in D.C. Chinatown – Chinese-style facades fronting a Boston Market or McDonald's. It becomes a cultural relic or amusement theme park not a vibrant and lively neighborhood where real people shop, work, eat, and go to school which is the kind of Chinatown we still have and want to keep here in New York."¹³³

¹³¹ Weiman, Vanessa "Chinatown: Cracking the fortune cookie," *The Real Deal*, April 07, <http://ny.therealdeal.com/articles/chinatown-cracking-the-fortune-cookie>.

¹³² Lin, 347.

¹³³ Mao, Tien, "Amy Chin," Gothamist website, April 4, 2008, http://gothamist.com/2006/04/21/amy_chin_progra_1.php.

Conclusion

This exploration in understanding the barriers to affordable housing development in San Francisco's Chinatown has provided insight into many more issues than just those isolated to this neighborhood. City planners attempt to address issues such as access to education and jobs, mobility and transportation, quality housing, healthy environments, and political engagement that are magnified for distressed ethnic, low-income, and immigrant communities throughout this country. Throughout my research process, I have thought of Chinatown not only as a self-contained place, but also as a proxy for all the other places where the poor and disenfranchised live. My personal experience and identity as an Asian American planner intricately links me to these neighborhoods, making me ever-aware of the struggles these communities face particularly around quality affordable housing.

Affordable housing is clearly an issue nationwide, exemplified in California and even more acutely pronounced in San Francisco. New affordable projects are not meeting the growing demand, and with each new unit built, record numbers of applicants are applying for the units. San Francisco is gradually becoming a playground for the wealthy even as housing advocates and policymakers are working hard to create regulations that will build more permanently affordable housing.

Chinatown is holding on to its affordable housing, saved by community activists who ended real estate speculation by down-zoning and forcing profit-makers to look elsewhere for profits. Those investors went largely to other Chinese enclaves in the Richmond and Sunset. Hong Kong and Taiwan money went into suburban Bay Area cities like San Mateo, Fremont, and Cupertino. But where investors went also went residents. Chinatown is no longer necessarily the first stop for many new immigrants because of the neighborhood's limited housing opportunities and substandard housing quality. With greater options in housing choice and the emergence of all kinds of Chinese enclaves, Chinatown is becoming the home for the elderly and most extreme poor.

Encouraging careful but more intense development in San Francisco's Chinatown is crucial in providing a home for those people who need to live in a place that possesses the culturally competent services and supportive social networks it currently provides. The 1986 Chinatown zoning, was necessary to preserve the neighborhood, but was largely a knee-jerk response to high-rise developers. San Francisco's Downtown Plan shifted development to

the South of Market two decades later, it's a whole new world with planning and regulatory tools that work to protect neighborhoods while still encouraging growth.

San Francisco's development climate as well as the planning field has dramatically changed since that period. What is consistent today as then is the political discourse of the city that pits downtown for-profit real-estate developers against neighborhood community groups. The latter, however, are much more sophisticated, politically enfranchised, and integrated into the city's policy-making than in previous generations. Grassroots activists including Chinatown CDC are regularly authors and organizers of the city's housing and land use policy through formal planning processes, ballot initiatives, or through the Board of Supervisors' legislative process. They have learned how to take manipulate of the electoral system and city politics towards a progressive agenda. And though political winds that are always subject to volatile change, the city's historically liberal landscape provides some security that affordable housing interests will be protected.

Through my research, it is clear that getting greater affordable housing for Chinatown is more than an issue of zoning. Costs and financing, property ownership, cultural barriers, and community politics are also large factors that influence that the Chinatown housing market. For the city and affordable housing developers in the city, then, it means taking more proactive and aggressive measures in rethinking San Francisco's growth policies. The city's planned growth is in its eastern neighborhoods: 3875 acres covering Eastern and Western SOMA, Mission, Mission Bay, Dogpatch, Bayview, and Hunter's Point Shipyard. The neighborhoods are the last few with open parcels of developable land or industrial lands that are easily to demolish which developers are eagerly awaiting. The planning process is one of the largest the city has ever undertaken and in the next 20 years, it could mean the increase of between 7,500 and 10,000 new housing units. City officials and the Planning Department seem to believe that once the plan is approved, it will clear the way for developers to finally meet the affordable housing need in the city.

What then? What next? Does San Francisco stop growing? A more balanced citywide approach would be to for San Francisco's city planners to evaluate and plan incremental development in existing neighborhoods and thoughtfully apply the range of development incentives available for affordable housing development such as increased building envelopes and fast-tracked entitlement processes.

A lingering question remains about what specifically to do in Chinatown. Considering the gargantuan obstacles that exist for development, any propositions for altering the development environment need both scrutiny and fair consideration. I have developed several strategies addressed to the two parties most crucial to land use decisions in Chinatown today: Chinatown CDC and the City of San Francisco. With CCDC's community organizing experience, housing development expertise, and political clout within the community and in City Hall, it can create enough inertia to revive Chinatown's housing stock.

Strategies and Opportunities for Chinatown CDC:

The primary strategy to meeting affordable housing needs should be greater attempts by CCDC to acquire property within Chinatown. While the city can offer private individuals, investors, and developers certain carrots to develop affordable housing, nonprofit developers are most capable at serving the most needy populations and keeping housing permanently affordable. Michael Pyatok argues that community development corporations should build in inner-city areas because: the term of affordability is much longer, the housing built is enriched with services (child care, counseling, social services), management is more sensitive to needs of low-income people, and participatory design is a community-building tool that can lead to greater pride among residents.¹³⁴ CCDC has 31 years of established credibility in doing so, and political and economic forces call for the organization to step up to the plate. In San Francisco where affordable housing is largely built by non-profit developers, these mission-driven community-based organizations are ultimately the long-term caretakers of the community. Taking the following steps with a more proactive stance at accumulating neighborhood's real estate may be the best guarantee to preserving or expanding the affordable housing stock in the neighborhood.

Analyze the feasibility of development for the properties identified in the map on Page 35 that have development potential. As a Chinatown-based affordable housing developer, CCDC should especially pursue acquisition of vacant parcels and parcels that will have minimal residential displacement. The handful of developments CCDC developed, own, or manages around the neighborhood have received positive approval from residents and community members, and the organization should feel comfortable in acquiring more

¹³⁴ Downs, Anthony, *Growth Management and Affordable Housing: Do They Conflict?*, (Washington, DC: Brookings Institution Press, 2004), 16.

ownership of the land in the neighborhood and be positioned more opportunistically. Because no other CDC exists for the neighborhood, the responsibility lies within CCDC's domain.

As a second step beyond feasibility studies, CCDC should contact property owners to discuss what type of futures the owners envision for their properties and when appropriate, place offers property acquisition. With profit-minded property owners who wish to hold out for the highest bidder, it may prove to be impossible to acquire these properties at market rates, but negotiations can result in opportunities for joint ventures, master land leases, or other configurations that may make property owners consent to affordable housing development.

Examine opportunities of lot-assemblage of underutilized and dilapidated properties, and work with the Mayor's Office of Housing to acquire these properties within the neighborhood. Affordable housing developers and professional management companies are more equipped and trained to handle complicated tenant issues and financial matters than small property owners. In the short term, this could mean rehabilitation of properties, but longer term this could mean holding assembling a portfolio of Chinatown properties that could one day be redeveloped.

Like the first strategy, this one relies on more aggressive stance in the neighborhood and ultimately takes on more liability within the community. It is not a simple task considering the necessity to make negotiate reasonable prices with willing property owners and to secure the funding necessary. Housing developers could actively seek out financial institutions that wish to improve Community Reinvestment Act credits that can acquire the necessary financing.

Wait for opportunities. Given enough time, the neighborhood may come to a critical tipping point where existing property owners turn over and want to rid themselves of these properties. Wayne Hu noted that in the next several decades, private property ownership will be turning over as the baby boomers go into retirement or eventually die off and pass on their properties to their children who may be unwilling to continue owning properties that are not lucrative and that are deteriorating.¹³⁵

¹³⁵ Interview with Hu.

The example of 1150 Grant may be the first to trickle in of properties whose owners don't feel comfortable with the cost and liabilities of property ownership in Chinatown. Given enough time and the condition of buildings, property values may begin to fall and become so depressed that the market may not bear any willing owners or buyers. It is good policy for CDCs to anticipate for these windows of opportunity to acquire these properties. By becoming the landlords of the community and CDCs can maintain affordability for a property in perpetuity with such tools as deed restrictions or equity caps.

Utilize code enforcement to pressure property owners to either rehabilitate their properties to meet code. With enough code violations documented, it may force some Chinatown property owners to reconsider management and ownership of properties as too costly to handle. While CCDC can assist property owners and attempt to acquire low-interest loans, grants, and other financing programs (which it has done unsuccessfully in the past), an acquisition-oriented strategy could approach property owners who have costly violations and offer to purchase those troubled properties from them assuming that it would be financially feasible.

Partner with property owners to either provide technical assistance for redeveloping or rehabilitating properties within the current building envelope. Additionally, affordable housing developers can master lease land and take on rehabilitation or redevelopment projects which property owners collect profits through land leases. After viewing the property types of property owners that exist, it means building stronger relationships and trust with larger family trusts, Chinese family associations like the Chinese Consolidated Benevolent Association, smaller owners who have limited knowledge.

Strategies for the City of San Francisco:

Increase the Floor Area Ratio in Chinatown Neighborhood Commercial Residential District to reflect at least the actual FAR of buildings within the district. The current FAR of 1.0 is too prohibitive and would lead to neighborhood with much lower densities and heights than currently exists. While this FAR may have been chosen to address the competing need for open space, innovative practices such as rooftop gardens could be mandated with a zoning amendment. If creating open space was the original spirit, other planning interventions could also address this concern such as converting underutilized streets into parks or expanding sidewalks to create more open spaces, but these ideas cannot

be truly bettered with the a more comprehensive planning process. This leads to the next strategy.

Initiate a community-wide process to develop a Chinatown Master Plan. Along with residents, community groups, and property owners, the District 3 Supervisor, Planning Department, and Planning Commission need to address the state of neighborhood housing as well other issues open space, transportation, and sustainable growth. Today's affordable housing pressures and housing markets are not the same as they were in the 1980s, nor are community demographics and dynamics. The current Chinatown Element is outdated and has to better address these shifts in housing, population, and to utilize the best practices in contemporary planning for Chinatown.

There is a general assumption that Chinatown community residents are actually favorable for growth and it would be interesting to weigh the trade-offs of growth to inform new zoning, revised zoning, or an affirmation of the existing zoning. CCDC is protective of the existing zoning, but has recently been more willing to reexamine the impacts and role it has played in keeping the neighborhood stagnant and economically depressed. A new plan could lead to the types of affordable housing developments seen in other Chinatowns like those in New York and Boston that have embraced height and density in order to receive increased affordability.

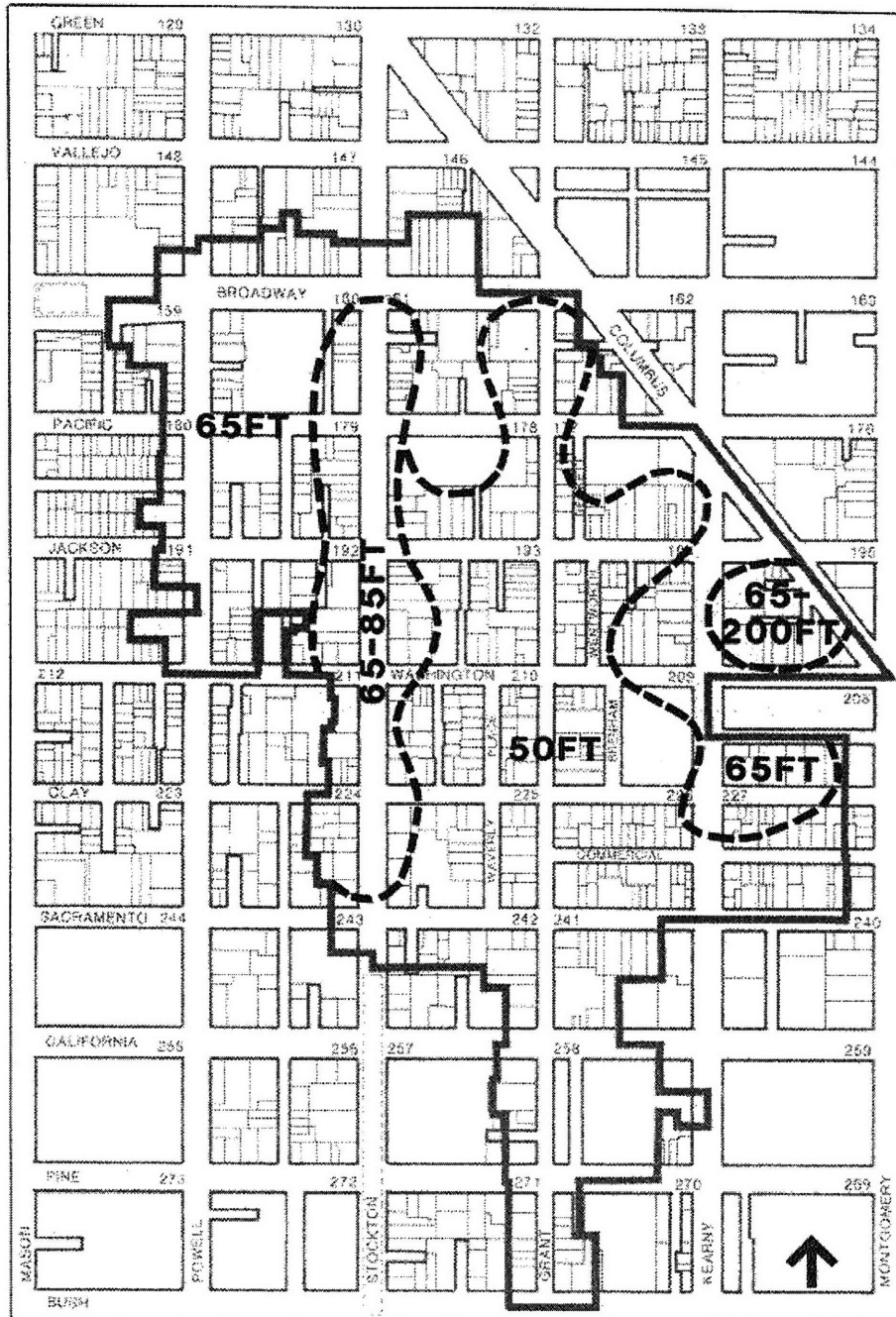
Redevelop Ping Yuen Public Housing projects and partner with one or several CDCs, to redevelop the projects in phases. This is a large undertaking, and the case may be difficult to make given the priorities of the San Francisco Housing Authority. One possibility would be for the Housing Authority to hand over property rights to a CDC, essentially removing it from the public agency's portfolio and handing over management and ownership to a private entity. CDCs and nonprofits already do much of the public sector work that government cannot do efficiently or effectively and public housing is a contentious part of the social welfare system. Whatever ownership structure exists, redevelopment of Ping Yuen is a significant fraction of Chinatown land and redevelopment could mean building much taller and denser buildings to accommodate more people. Redevelopment does not have to be complete demolitions and redesign, but could mean adaptive reuse (like downsizing units which would increase the total number of units), build infill in available open space, and better address the neighborhood at street level.

Utilize greater code enforcement tools. While the city attempts to be culturally sensitive and utilize community-based organizations like CCDC to aid in enforcement, outreach, and education, it may ultimately be doing a disservice to the tenants of Chinatown buildings. The catch to sensitive enforcement may be that irresponsible landlords continue to allow buildings to deteriorate, compromising the health and safety of tenants within. There's some resistance to strict code enforcement in the neighborhood from those who fear that greater enforcement will cause property owners radically increase rents in order to rehabilitate their buildings which would effectively evict current tenants. If policies are put in place that require owners to provide temporary housing benefits and limit the rent increases, it may be effective in both rehabilitating housing as well as giving irresponsible landlords no other option but to selling their buildings, which either the city or CDCs could acquire, rehabilitate, and rent as affordable units.

All strategies are a long time coming, and I'm slightly worried that even these strategies may not lead to the type of impact needed to preserve and expand affordable housing in Chinatown. As a community that's been studied extensively and whose housing quality has been documented over the last nearly 40 years, it is incredible to see that themes and issues are persistent for the neighborhood. Then again, it's no wonder. With effectively no development allowed since the 1980s, Chinatown under the current zoning will be frozen in time. Some say that it will take the next big earthquake to get changes in Chinatown. Buildings will be damaged and some condemned, owners will be given the opportunity to develop, and the community will be able to once again rise from the rubble of an earthquake. With careful planning and strategic leadership, this tragic fate can be spared.

Appendices

Appendix A



GENERALIZED HEIGHT PLAN

Map 1

Appendix B

Chinatown Building Ownership by Zip Code		
Location	Buildings	% of Total
94108	386	42.4%
94133	155	17.0%
San Mateo County	54	5.9%
Alameda, Contra Cost	34	3.7%
Other parts of CA	34	3.7%
Out of State	23	2.5%
94109	21	2.3%
94102	20	2.2%
94127	19	2.1%
Marin, Sonoma, Napa	18	2.0%
94111	15	1.6%
94121	15	1.6%
94123	15	1.6%
94116	13	1.4%
94118	13	1.4%
94117	10	1.1%
94103	9	1.0%
94122	9	1.0%
94110	8	0.9%
94114	7	0.8%
94115	4	0.4%
94124	4	0.4%
Santa Clara	4	0.4%
94105	3	0.3%
94112	3	0.3%
94131	3	0.3%
94132	3	0.3%
94134	3	0.3%
94104	2	0.2%
Canada	2	0.2%
94107	1	0.1%
94164	1	0.1%
All San Francisco	744	81.7%
All Bay Area	854	93.7%
Total	911	100.0%

Source: SF Assessor's Office

Appendix C

2008-2014 LA Chinatown Redevelopment Project Housing Development Pipeline						
Project Name	Total # of Units	Very Low	Low	Moderate	Affordable	Market Rate
<i>New Construction & Reuse</i>						
Blossom Plaza	16					169
County Lot 45	55		25	30	55	
Chinatown Gateway	281					281
Broadway Plaza	12					12
808 N. Spring St.	123					123
Grandview Garden	12					12
Figueroa Terrace	102			10	10	92
Orsini III	210					210
711 N. Broadway Adaptive Reuse	43					43
Blossom Workforce Units	16					16
Total New Construction	1023	0	25	40	65	958
Percent of Total	100%		2.4%	3.9%	6.4%	93.6%
<i>Rehabilitation</i>						
Permits from Bldg & Safety	40					40
Residential Rehab	215	80	75	60	215	
Total Rehabilitation	255	80	75	60	215	40
Grand Total	1278	80	100	100	280	998
Percent of Total	100%	6.3%	7.8%	7.8%	21.9%	78.1%

Source: Community Redevelopment Agency Los Angeles

Appendix D

List of Key Informant Interviews			
Name	Title	Organization	Interview Date
Larry Badiner	Zoning Administrator	San Francisco Planning Department	April 29, 2008
Gordon Chin	Executive Director	Chinatown CDC	July 30, 2008
Alton Chinn	Information Systems	San Francisco Planning Department	April 25, 2008
Peter Cohen	Project Director	Human Impact Partners	April 8, 2008
Tim Colen	Executive Director	San Francisco Housing Action Coalition	March 20, 2008
Heather Heppner	Construction Manager	Chinatown CDC	May 7, 2008
Dave Ho	Senior Organizer	Chinatown CDC	May 5, 2008
Wayne Hu	President	Chinese Chamber of Commerce	May 5, 2008
Lulu Hwang	Office Manager	San Francisco Planning Department	April 21, 2008
Tom Im	Neighborhood Planner	InterIm CDC	April 30, 2008
Johnny Jaramillo	Project Manager	San Francisco Planning Department	March 27, 2008
Whitney Jones	Director of Housing Development	Chinatown CDC	March 19, 2008
Wai Ching Kwan	Program Administrator	Chinatown CDC	May 7, 2008
Olsen Lee	Deputy Executive Director, Housing	San Francisco Redevelopment Agency	March 7, 2008
Jeffrey Loustau	Executive Director	California Housing Consortium	March 3, 2008
Lois Scott	Head of Enforcement	San Francisco Planning Department	April 21, 2008
Harry Ja Wong	Architecture Director	Asian Neighborhood Design	May 7, 2008
Teresa Yanga	Senior Project Manager	San Francisco Mayor's Office of Housing	March 11, 2008

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